

# The Forty First Annual Report 2019







● His Majesty  
King Abdullah II bin Al Hussein





● HRH Prince Hussein bin Abdullah  
Crown Prince



In the Name of Allah,  
the Compassionate, the Merciful

# Jordan Islamic Bank

Public Shareholding Limited Liability Company

Established in Amman- the Hashemite Kingdom of Jordan and registered as a public shareholding limited liability company in the Companies Registry on 28/11/1978 under reference No. 124 pursuant to the requirements of the by-then effective Companies Law and in accordance with the provisions of Jordan Islamic Bank Law No. 13 of 1978, which was superseded by the Banks Law No. 62 of 1985 that was abolished pursuant to the Banks Law No. 28 of 2000 effective as of 02/08/2000, which included a special chapter on Islamic Banks. On 1/5/2019, this law was amended.

## The Forty First Annual Report 2019





## Our Mission

- **Commitment** to consolidate the values of the Islamic Sharia by dealing with all people according to the teachings and principles of the Islamic Law (Sharia) to serve the public interest of the society.
- **Commitment** to equally serve the interests of all stakeholders including shareholders, investors, borrowers and employees.
- **Commitment** to attain the latest innovative products in banking industry and technology, as well as looking forward to gaining the trust of all people in our distinguished services that are in line with recent developments and changes within the framework of compliance with our Islamic Sharia.



## Members of the Board of Directors

As elected on 29/04/2019

H.E. Mr. Musa Abdulaziz Mohammad Shihadeh	Chairman of the Board
Representative of Al Baraka Banking Group Company H.E. Mr. Hamad Abdulla Ali Al-Oqab	Vice-Chairman of the Board
Representative of Al Baraka Banking Group Company H.E. Mr. Adnan Abdulla Al-Sulaiman Al-Bassam	Member
Representative of Al Baraka Banking Group Company H.E. Mr. Hood Hashem Ahmed Hashem	Member
Representative of Al Baraka Banking Group Company H.E. Mr. Nour "Moh'd Shaher" "Moh'd Lutfi" Mahayni	Member
H.E. Mr. Salem Ahmad Jamil Al Khaza'aleh	Member
H.E. Ayman Abdel Karim Hatahet	Member
H.E. Mr. Issa Haidar Issa Murad	Member
H.E. Mrs. Malak F. R. Ghanem	Member
H.E. Dr. Nabih Ahmad Salameh Alzenat	Member
H.E. Mr. Saleh Yacoub Moh'd Hussein	Member

Auditors: Messrs. Ernst & Young/ Jordan

## Members of the Previous Board of Directors

Till 29/04/2019

Al Baraka Banking Group Co. Represented by H.E. Mr. Adnan Ahmed Yousif Abdul Malek	Chairman Board of Directors
H.E. Dr. Hatem Hafez R. (Halawani Al -Tamimi)	Vice-Chairman Board of Directors
Al Baraka Banking Group Co. Represented by H.E. Mr. Hamad Abdulla Ali Al Oqab	Member
Al Baraka Banking Group Co. Represented by H.E. Mr. Adnan Abdulla Alsulaiman Albassam	Member
Al Baraka Banking Group Co. Represented by H.E. Mr. Hood Hashem Ahmed Hashem	Member
H.E. Mr. Salem Ahmad Jamil Al Khaza'aleh	Member
H.E. Mr. Nour (Moh'd Shaher) (Moh'd Lutfi) Mahayni	Member
H.E. Mr. Issa Haidar Issa Murad	Member
H.E. Mrs. Malak F. R. Ghanem	Member
H.E. Dr. Nabih Ahmad Salameh Alzenat	Member
H.E. Mr. Saleh Yacoub Moh'd Hussein	Member

Auditors: Messrs. Ernst & Young/ Jordan

## Sharia Supervisory Board

H.E. Dr. Mahmoud Ali Mosleh Al Sartawi	Chairman
H.E. Dr. Abdul Rahman Ibrahim Zaid Al Kelani	Vice Chairman
H.E. Dr. Abd Sattar Abdul Karim Abu Goddeh	Member
H.E. Dr. "Mohammad Khair" Mohammad Salem Al-Issa	Member

## The Management of Jordan Islamic Bank

H.E. Dr. Hussein Said Saifan	CEO / General Manager
H.E. Dr. Mohamed Fahmy, Mohamed Khalil, El Gebari	Assistant General Manager
H.E. Dr. Abdul Hamid Abdullah Abu Saqri	Assistant General Manager
H.E. Dr. Musa Omar Abu Muhaimed	Assistant General Manager
H. H.E. Dr. Mohamed Ahmed Jibril	Assistant General Manager
H.E. Dr. "Mohammed Fawaz" Sudqi Imam	Assistant General Manager





## Chairman's Message



## Chairman's Message

In the name of Allah, Most Gracious, Most Merciful  
Peace be Upon You, so as Allah's Mercy and Blessings,  
All Praise be to Allah, Lord of the Worlds, and Prayers and Peace be upon His Prophet Mohammed His Servant and Messenger, his Kinsfolk and all his companions.

I am pleased to present, on behalf of me and on behalf of the members of the board of directors, the annual report of Jordan Islamic Bank for the year 2019.

Dear Shareholders,

Thanks to Allah Almighty, we managed to overcome the difficulties and obstacles that we faced and seized the best opportunities to achieve the optimum gains for the Bank. We continued to work hard with the executive management to achieve our goals and worked closely with the various economic sectors in the Kingdom, paying special attention to small and medium projects. We were keen to diversify our financing and investment portfolios as much as possible to distribute the potential risks, which enhanced the Bank's position as a leading bank that was able to maintain stable growth continuously and achieve the best returns for the shareholders and the best services and benefits for the customers, maintaining a good rating by the global rating agencies. We also seek to deal wisely in all that relates to our work to keep up and achieve what we aspire to by the grace of Allah Almighty.

During the year 2019, a new Board of Directors was elected for the Bank, where I was elected a Chairman thereto, in addition to the appointment of Dr. Hussein Saeed as the new CEO and General Manager of the Bank, where he was the Deputy General Manager, according to our career replacement plan.

As a result of the good performance of the Bank during the past years, the Bank increased its capital during the year 2019 to JD 200 million by distributing free shares by 11.11% of the paid-up capital, in addition to distributing 15% cash dividends. During the year 2019, the Bank continued its good progress. Despite the crises and negative impacts on the global economy and the surrounding region on the national economy, the Bank's assets amounted to about JD 4.4 and its balances of savings vessels amounted to about JD 3.9 billion and the total balances of its financial investments amounted to about JD 3.3 billion. The profits of joint investment amounted to JD 197 million and the profits of the Bank before tax amounted to about JD 88.6 million, while profit after tax amounted to about JD 54.3 million, with a rate of return on average equity of about 13.34%. As for distributing shareholders' dividends, the Jordan Central Bank decided as per their letter No. 1/1/4693 dated 9/4/2020 that licensed Jordanian banks are approved to defer distributing shareholders' dividends for the year 2019 to be conducted when issuing the bank's closing statements of 2020. The decision was made considering the subsequent implications over the financial statements of 2019 in connection with the potential negative impacts of the breakthrough of COVID-19.

During the year 2019, the Bank accomplished more developments and updates in the various fields of banking technologies through the implementation of several projects, where the Control Objectives for Information and Related Technologies (COBIT 2019) is applied, in addition to the implementation of its plan to expand by providing new services through its electronic channels to provide additional services on the Mobile Banking application, such as secure fingerprint entry and facial recognition system, reservation of the role in the Bank branch, as well as other value-added services provided to the Bank customers. There is also the application of the non-contact payment technology for Visa and Master cards of all kinds, in addition to providing the ATM machines with tracking devices, sensors, control devices and data encryption, as well as the renewal of the reliability certificate for the Payment Card Industry Data Security Standard (PCI-DSS). More ATM machines have been updated, installed and operated throughout the Kingdom to serve the customers around the clock.

Those achievements were possible only with blessings and grace of Allah Almighty and the fruit of continuous support from those who believe in the values and the method of work of this institution and its customers, as well as a result of a continuous and distinguished effort from the Bank's executive management and its employees. May Allah reward everyone for us.

The Bank will continue to follow its rightful approach to serve its mission, interacting with the needs of the national economy and local community, contributing to every good deed as possible.

I'd like to thank the Sharia Supervisory Board for the efforts they exerted to give us insights about banking according to sharia.

Last but not the least, I thank the Central Bank of Jordan for its active role and understanding of the special character of Islamic Banks with regard to the instructions it issues.

Musa Abdulaziz Mohammad Shihadeh  
Chairman of the Board







**Board of Directors'  
Report for 2019**

## In the Name of Allah, Most Merciful, Most Compassionate

«Our Lord! Make not our hearts to deviate after Thou hast guided us aright, and grant us from Thee mercy; surely Thou art the most liberal Giver, » Allah the Almighty has spoken the truth

Verse No, 8, Surat Al-Emran

### Board of Directors' Report for 2019

Peace be upon you, so as Allah Blessings and Mercy, All Praise be to Allah, Lord of the Worlds, And Prayers and Peace be upon Mohammed His Servant and Messenger and all his family and companions.

#### Dear Shareholders,

Trade tensions between the United States of America and the People's Republic of China, the two largest economic powers in the world, cast a shadow on the world stage, leading to increased uncertainty about the future of the global trading system and international cooperation and affecting the decisions of global investment and trade, which caused the International Monetary Fund to lower its expectations for the rate of global economic growth.

As for the Arab region, the geopolitical risks are still high. A number of countries in the region are in the circle of conflicts and some are witnessing a state of political instability; all affects the economic situation of the countries of the region in general.

Amid these international and regional events and the continued burdens resulting from the Syrian refugees in Jordan, initial estimates of the Jordanian economy indicated that real Gross Domestic Product was (1.9%) in the first half of 2019, compared to Gross Domestic Product of (2.0%) recorded for the same period in 2018. Estimates also indicate that the growth in 2019 will reach about (2.2%). Inflation rate has increased by (0.3%) during the year 2019, compared to a growth of (4.5%) during the same period in 2018. However, unemployment increased in the third quarter of 2018 to reach about (19%) of the total workforce, compared to about 18.7% during the same quarter of the previous year.

The net public debt of Jordan has risen by October 2019 compared with its level recorded at the end of 2018 by about JD (1.8) billion, or at (6.2%), to reach about JD (30.1) billions, at (96.6%) of the Gross Domestic Product as estimated for 2019. As for the monetary policy, the Central Bank of Jordan continued its policy aiming to consolidating monetary stability, maintaining an appropriate level of its foreign exchange reserves, so as to enhance confidence in the Jordanian Dinar, in addition to maintaining relative stability in prices' level. At the end of November of 2019, the balance of these reserves amounted to about USD 14.3 billion, which is enough to cover the Kingdom's imports of goods and services for about 7.7 months.

During 2019, the trading volume of Amman Stock Exchange recorded about JD (1.6) billions, with a decrease of around JD (700) million compared to the level recorded in 2018. The market-value weighted index of free shares has decreased at the end of 2019 by around (94) points or at (4.9%) compared to the score of last year, to reach about (1815) points. The market value of the shares listed on the Stock Exchange amounted to about JD (14.9) billions by the end of 2019, with a decrease of about JD (1.2) Billion or about (7.5%) compared to the record during 2018.

During 2019, the Central Bank of Jordan (CBJ) decreased the interest rate three times on the monetary policy instruments, so the repurchase price per night reached (4.75%) and the rediscount rate reached (5.00%). As regards the interest rate in the Jordanian banking market, the weighted average of interest rates on loans and advances decreased at the end of September 2019 by (52) base points to reach (8.17%) compared to the level recorded in the previous year. Meanwhile, the weighted average of interest rates on time deposits for the same period increased by (12) base points to reach (4.85%).

At the end November 2019, the net balance of the credit facilities granted by banks amounted at about JD (27.1) billions, with an increase of about JD (968) million or a rate of around (3.7%) compared to level recorded at the end of 2018 and compared to about JD (1.4) billion dinars or about (5.6%) during the same period in 2018.

Total balance of the deposits with licensed banks reached about JD (35.3) billion at the end of November 2019, with an increase of about JD (1.5) Billion, or (4.3%) compared to the level recorded at the end of 2018 against a rise of about JD 650 million or 2% during the same period in the previous year.

Despite the current surrounding obstacles, the Bank managed by the success granted by Allah to achieve new growth in its various activities. The Board of Directors is pleased to introduce you to the most important achievements in 2019 as well as the future ambitions.

## First: Capital

The General Assembly’s resolution, passed in its extraordinary meeting held on 29/04/2019, to increase the capital by JD 20 million was implemented to amount to JD 200 million, instead of JD 180, by capitalizing the amount of JD 10 million from the balance of retained earnings and the amount of JD 10 million from the optional reserve balance, distributing the same as bonus shares to the shareholders by the amount of increase, proportionate to their shares in the capital, by the end of the day 26/06/2019.

## Second: Branching

During the year 2019, one new branch was opened, that is West Zarqa Branch/Zarqa and two new offices: Northern Mazar/Irbid and Pavilion Mall/Amman, in addition to changing the name of Madaba office to Madaba Western and transforming into a branch and the transformation of Ain Al-Basha and the Northern Badia into two branches. Thus, the Bank’s offices have become to consist of 80 branches and 28 bank offices at the end of 2019.

It is expected that the Branching Plan for the year 2020, by opening a digital branch and converting two offices into two branches, shall be implemented.

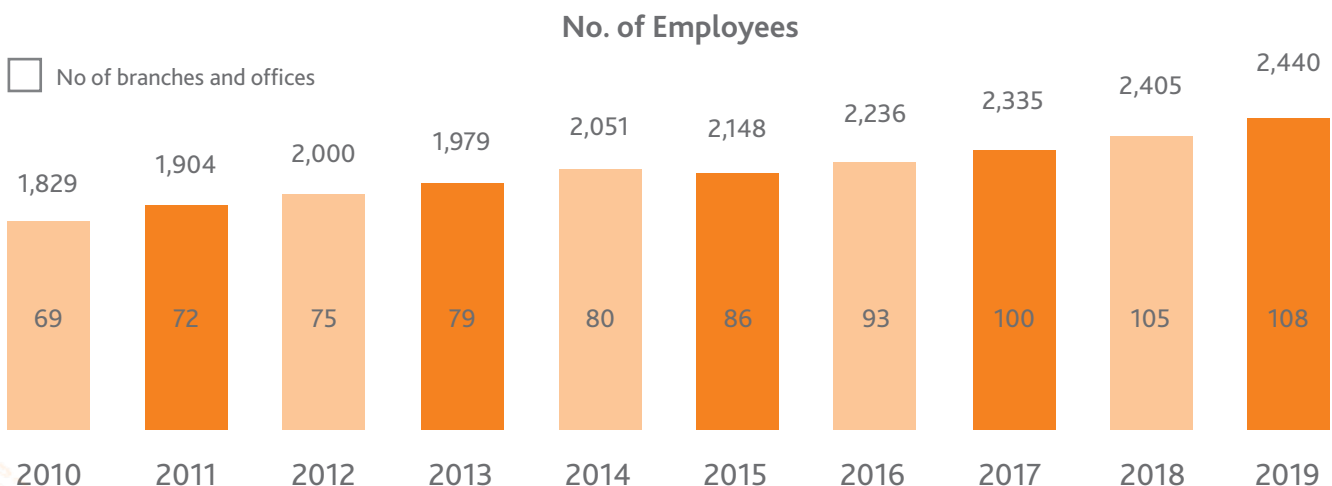
On the other hand, the C-Town/Amman office has been moved to a new location on a different floor of the same mall, where the new location provides better convenience for the customers and provides them with banking services easily and conveniently.

The services were also continued during the official holidays and on Fridays, Saturdays and evening periods in some branches and offices of the Bank as follows:

- City Center/Irbid branch, and Al Istiklal Mall and Al Arifa Mall offices in the evening period and on Saturdays and Fridays.
- Abdulla Ghousha and new Zarqa branches for the evening period and Saturdays.
- Free zone office / Al Zarqa Al-Jadida – evening period and Saturdays.

## Third: Staff

At the end of 2019, the number of the Bank’s staff reached (2440). Below is a figure showing the development in the employees’ number over the past ten years:



Stemming from its interest to improve its employees' performance, the Bank, during 2019, has enrolled (6,390) employees in training courses and seminars organized by the Bank's Academy for training and human resources development and internal and external specialized parties, compared to (5,833) employees in 2018, as indicated in the table below:

Description	2019		2018	
	No. of courses and seminars	No. of participants	No. of courses and seminars	No. of participants
Bank's Training Academy	331	4756	295	4298
Centers in Jordan	208	564	294	800
Centers abroad	27	35	10	17
E-learning	5	1035	13	718
<b>Total</b>	<b>571</b>	<b>6390</b>	<b>612</b>	<b>5833</b>

The above training courses and seminars have reinforced the (basic) functional and (auxiliary) institutional training needs in accordance with the enhanced training programs for the functional and institutional training competencies approved for the Bank:

Functional training competencies (leadership skills, banking portal, credit implementation, cash, external transactions, administrative affairs, implementation and achievement and accounting competencies).

- Institutional training competencies (Sharia, compliance, institutional awareness, time management, work pressure, security, training and development, digital banking, occupational safety and health, risk management, performance management, legal, marketing, treasury and corporate relations competencies).
- Electronic training (e-learning) has also been provided to employees on various topics, in addition to practical training for new employees in the branches. Employees were also involved in training programs and activities that serve the topics of social responsibility and sustainability towards society: definition of social responsibility and sustainability and the role of the Bank therein, as well as the role of Islamic finance in achieving the goals of sustainable development, the representation of women on boards of directors, effective communication with persons with disabilities, further to those related to occupational health and safety; such as first aid, general safety principles, occupational hazards and work environment.

The Bank also continued to provide training opportunities and introduce its business to new groups of educational institutions students. The number of those students reached (670) throughout 2019, compared to (691) students in 2018. In addition, (74) employees coming from non-Jordanian banks received training on the work of the Bank, compared to (9) employees trained in 2018. This is in addition to specialized workshops for the Bank customers from small and medium enterprises sector (SMEs).

## Fourth: Banking Techniques

During 2019, the Bank accomplished further developments and updates in the field of banking techniques, most notably of which are:

- Launching more services provided through the Mobile Banking application; e.g. Such as safe entry with fingerprint and facial recognition system, role reservation in the branch and other value-added services provided to the Bank customers.
- New modern design for the Bank's website, developing, updating and adding new I-Banking services.
- Renewal of the PCI-DSS certification.
- Applying Control Objectives for Information and Related Technologies (COBIT 2019) instructions.
- Implementing the requirements of the Central Bank of Jordan in terms of documenting the transactions of persons with disabilities in the branches.
- Subscription of the Bank customers in the short message service (SMS).
- Increasing the level of security controls applied to the Bank's servers and increasing the ability and efficiency to analyze security risks.
- Development, creation and accomplishment of a number of systems and products.
- Development and implementation of a number of systems and products.
- Installation and operation of new ATMs in 2019, rendering the Bank's network of ATMs consisting of 256 units (i.e. 13.5% of the number of ATMs operating in the Kingdom), all linked to customer accounts and with the Middle East Payment Services (MEPS) as well as the Jordanian Joint Network for ATMs (JONET), which consists of approximately 1,900 ATMs and the Visa International network outside Jordan through JONET.

## Fifth: Incentive Awards

- Since 1997, the Bank has continued to distribute awards to holders of Savings Accounts with a total value of around JD (145) thousand a year to cover the costs of Hajj and Umra.
- Since 2008, the Bank continued to introduce awards to the users of all types of bank cards, for local or online purchases, in addition to allocating cash awards for the services provided through Mobile Banking application and I-Banking. Total prizes amounted to about JD (226) thousand.

It is known that the Bank incurs the value of all these awards from the funds of shareholders in accordance with the legal opinion (Fatwa) given in this regard.

## Fifth: Social Role of the Bank

The Bank has continued to assume its social responsibilities, consolidate Islamic values in the normal banking transactions and positively interact with the activities of social nature. Below are some examples of the Bank's activities in this field during 2019:

### A. Conferences and Seminars

Throughout 2019, the Bank continued to participate in conferences and seminars that aim at disseminating and developing the operations of Islamic banks.

## B. Scientific Research and Professional Training

The Bank continued its activities in scientific research and training. The total expenditures on such activities in 2019 reached around JD (256) thousand distributed as follows:

Description	JD
Direct expenditures of the Bank Training Academy	4.2
Contribution to the costs of employees' study and training	143.9
Participation in the expenses of the Institute of Banking Studies affiliated to the CBJ	11.9
Sponsorship of scientific conferences and educational institutions	96.1
<b>Total</b>	<b>256.1</b>

## C. Donations

The Bank continued to support many social and cultural events and provide donations for different relevant activities. Those events include the Jordanian Hashemite Fund for Human Development (JHFHD), Al Aman Fund for the Future of Orphans, Societal Financial Culture Dissemination Project, and the competitions organized by the Ministry of Awqaf and Islamic Holy Places, Associations of Holy Quran Memorization and other social activities organized in Jordan.

The total donations provided by the Bank during 2019 for such events and activities reached around JD 811 thousand, distributed as follows:

Description	Number	JD
Jordanian Hashemite Fund for Human Development (JHFHD)	1	70.0
The Hashemite Charity Association	2	7.0
Princess Aliaa Foundation	1	0.7
Al Aman Fund for the Future of Orphans	1	42.5
King Hussein Cancer Center	1	25.0
Associations and competition of Holy Quran Memorization	2	13.0
Charity Associations and Organizations and Zakah committees	48	357.2
Scientific Conferences and educational and cultural programs	6	130.2
Mosque Commissions	2	6.1
Tkiyet Um Ali	1	10.0
Societal Financial Culture Dissemination Project	1	149.1
<b>Total</b>	<b>66</b>	<b>810.8</b>

#### **D. Al Qard Al Hasan "The Good Loan"**

The Bank continued to receive deposits in "Al-Qard Al Hasan" from those wishing to lend such deposits through the Bank as good loans. At the end of 2019, the balance of this account reached around JD (1.8) million.

The Bank also continued to provide Al Qard Al Hasan for justified social purposes, such as education, medical treatment and marriage. The loans provided by the Bank in 2019 reached around JD (20.4) millions benefiting nearly (24.1) thousand citizens, compared to JD (14.4) millions in 2018 benefiting nearly (23.4) thousand citizens.

It is worth mentioning that the Bank has been granting such loans since its incorporation, where the granted loans amounted at JD (302.6) millions till the end of 2019, benefiting about (495.7) thousand citizens.

Some of these loans were granted for youth who were about to get married in cooperation with Al Afaf Charity Association. The total of such loans in 2019 reached about JD (347) thousand, benefiting (347) young people compared to about JD (327) thousand, benefiting (327) youngsters in 2018.

Number of these loans is granted to teachers through the agreement signed with the Jordan Teachers Association. In 2019, the total of such loans reached about JD (2.0) million, benefiting (3700) persons, compared to JD (1.6) million, benefiting (2,900) persons.

#### **E. Funding Professionals and Craftsmen:**

The Bank was keen from the beginning to fund the projects and requirements of professionals and craftsmen by way of Murabaha. In 1994, the Bank developed a special program to finance this category by way of diminishing Partnership ending with the transfer of title (Musharakah Muntahia Bet- Tamleek) according to which financing is paid from the revenues generated by the project. The Bank also finances small and medium enterprises whether by financing such projects through the joint investment funds or through funds and loan Mukaradah bonds/investment by proxy accounts (investment portfolios) or through the special agreements signed with the Central Bank of Jordan in this regard.

To give more attention to these projects, in 2013 the Bank increased the capital of its subsidiary Al Samaha Financing and Investment Company to JD (8) million and amended its memorandum and articles of association to include funding projects and small craftsmen, then increased its capital to (12) Million Dinars in 2016. The funds given by the subsidiary to projects, craftsmen, professionals, and projects in women sector contribute to eliminating unemployment and preserving the existent job opportunities along with providing new job opportunities. During 2019, the subsidiary financed (142) projects for approximately JD (2.7) million.

#### **F. Mutual Insurance Fund:**

The Bank continued to sponsor the Mutual Insurance Fund for the Bank debtors created in 1994. Through this fund, participants share in indemnifying the damage that may be inflicted on any of them to repay all or some of their debt to the Bank in case of death, permanent disability, or permanent insolvency. In addition, this Fund, as of 2014, kept mitigating the risks, after the approval of the Central Bank of Jordan. Throughout 2019, the number of indemnified cases reached (222), and the compensations paid in this year amounted to nearly JD (1.6) million. Since the Fund establishment until the end of 2019, the total compensation cases reached (2,917) cases, and the amount of compensations paid reached around JD (13) million. At the end of 2019, the Fund's balance amounted to around JD (75.1) million,



with about (159) thousand participants and a total balance of indebtedness of around JD (1.3) billion. It's worth mentioning that the Bank has expanded the umbrella of the insured people to cover all persons with indebtedness of JD (150) thousand or less (and as of 2013, the umbrella was expanded to cover financial lease in addition to Murabaha clients), instead of (100) thousand or less. The Bank expanded the umbrella of the insured several times' insurance started with a ceiling of JD 25,000 or less.

### **G- Interaction with the Local Community**

Presenting prizes to the winners of the Holy Quran memorization competitions in the Hashemite International Competition for Memorization of the Holy Quran, organized by the Ministry of Awqaf and Islamic Holly Places, sponsoring targeted programs in a number of TV and radio stations, sponsoring a page on Islamic banking, Islamic finance, money and Islam in several newspapers and donating to the Hussein Cancer Center and to some associations concerned with people with special needs and the elderly, in addition to donating to the Jordanian Hashemite Charitable Organization for Relief, Development and Arab and Islamic Cooperation, donating to Al-Aman Fund for the Future of Orphans, supporting the restoration of the shrines of the prophets and companions and contributing to solving the problems of females prisoned for unfulfilled debts (Al-Gharimat), in response to the initiative of His Majesty King Abdullah II Bin Al-Hussein. This is in addition to supporting the rehabilitation program to those about to get married through the Supreme Judge Department / Sharia Judiciary Institute, presenting monetary gifts to the wedding couples participating in the collective wedding ceremony / Al Afaf Charity Association.

### **H. Energy and Environment**

The Bank kept started providing alternate energy in July 2013 by utilizing electric power generation using solar cells, taking advantage of the spaces on the roofs of the branches for the installation of those cells, rendering the Bank the first Jordanian bank to enter renewable energy into its business, reducing the electricity consumption and related invoices, as well as decreasing the high electric loads in the Kingdom, thus contributing to the national economy and the environment protection.

The Bank continued to provide renewable energy at some of its headquarters by utilizing solar power generation using solar cells or through the plant operated at the Bondad Center, subordinate to the Bank, since May 2018, with a view to generate solar electricity. This plant covers part of the electricity consumption in the branches and offices of the Bank in the central governorates (Amman, Zarqa, Madaba and Salt) with a generating capacity of 2.7 MWP at a cost of KD 1.5 million. Thus, the number of branches and offices benefiting from the solar system reached 50 branches and offices, in addition to the general administration building, the Information Technology building and the Disaster Recovery Center, which are all fed by the solar cells installed on the roofs of the buildings and/or the plant.





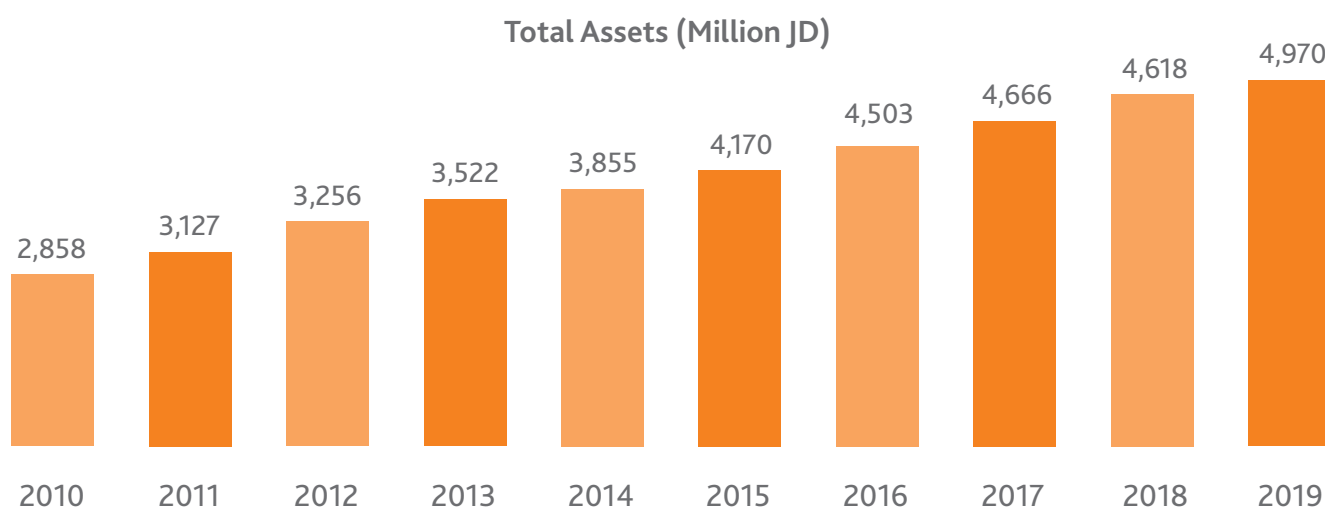
**Financial Position**

## Seventh: Financial Position

### A. Total Assets:

At the end of 2019, the total assets amounted to around JD (4,970) millions (including off-balance sheet items), compared to JD (4,618) millions (including off-balance sheet items) at the end of 2018. Following are the relevant details in million JD:

Year	Total Balance Sheet	Off Balance Sheet Items				Total
		Restricted Investments	Investment by proxy (investment portfolio)	Investment by proxy	Total	
2019	4449.1	43.6	416.0	61.4	521.0	4970.1
2018	4160.6	35.6	358.1	63.2	456.9	4617.5
Increase (Decrease)	6.9%	22.4%	16.1%	(2.8%)	14.0%	7.6%



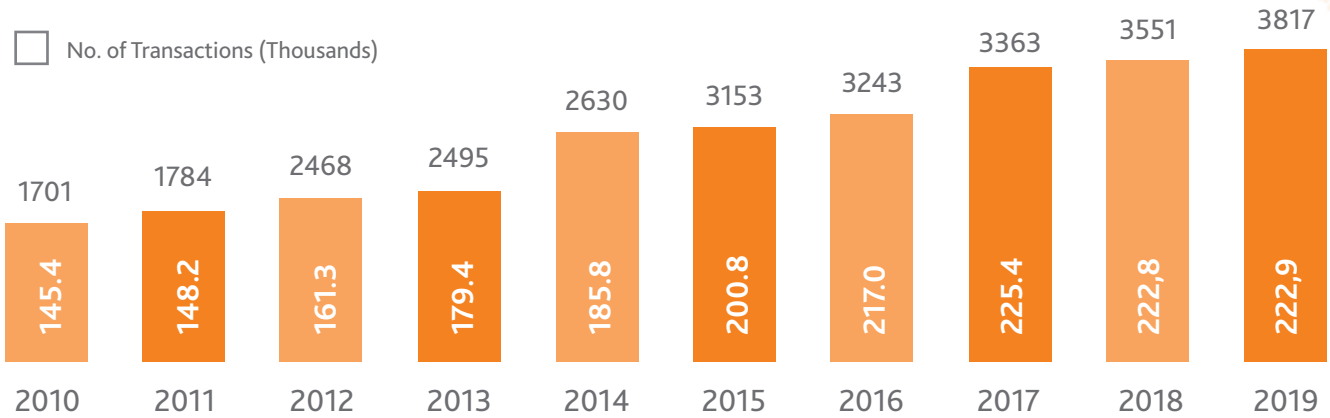
### B. Cash on Hand and at Banks

At the end of 2019, total cash on hand and at banks amounted to about JD (994) million, compared to about JD (988) millions at the end of 2018.

### C. Financing and Investment

At the end of 2019, total balances of financing and investment amounted to around JD (3,817) millions (including off-balance sheet items), distributed to (222.9) thousand transactions, compared to around JD (3,551) million (including off-balance sheet items) at the end of 2018, distributed to (222.8) thousand transactions.

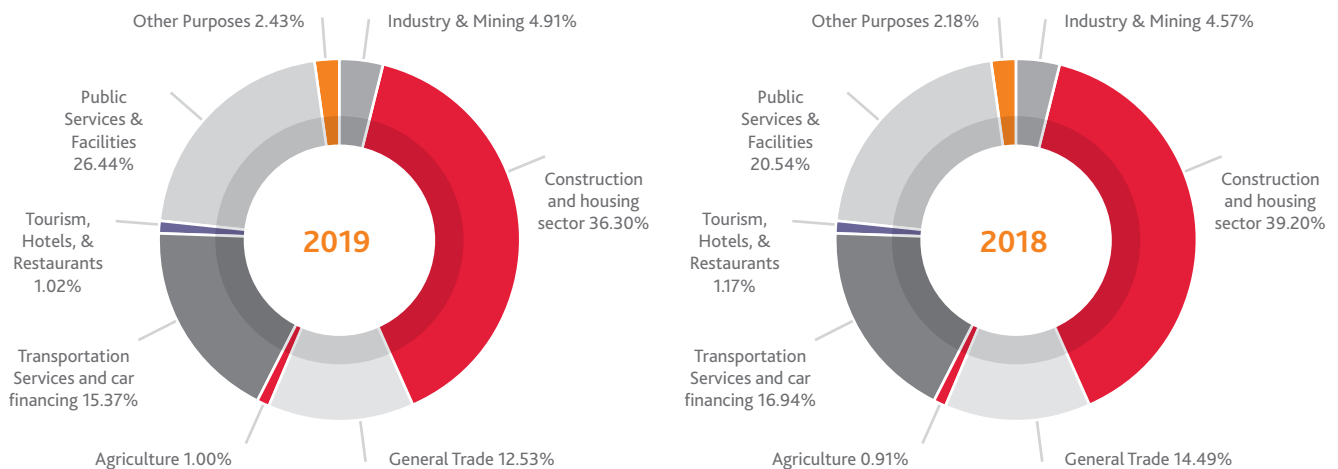
### Total Financing and Investment Balances (Million JD)



The financing operations carried out by the Bank in the domestic market during 2019 included various social and economic activities and utilities. Such finances were provided to some health facilities (hospitals, clinics and pharmaceutical companies), educational facilities (universities, schools and institutes), many industrial and real-estate projects and transportation means, in addition to the finances provided by the Bank to the commercial sector.

The shares of economic sectors from the financing balances (in million JD) were as follows:

Year	Agriculture	Industry & Mining	General Trade	Construction and housing sector	Transportation Services and car financing	Tourism, Hotels, & Restaurants	Public Services & Facilities	Other Purposes	Total
2019	30.3	148.4	378.9	1097.3	464.5	30.7	799.1	73.6	3022.8
2018	25.5	127.5	404.4	1093.8	472.7	32.6	573.1	60.5	2790.1



The Bank pays special attention to the basic needs of citizens in the financing operations. Following is a description of Murabaha financing provided from the funds of joint investment and Investment by proxy (investment portfolios) during 2019 for the most significant needs:

Financed Needs of Individuals	JD (Million)	Number of beneficiaries of Financing
Land, housing and construction materials	159.1	13.546
Transportation means and construction vehicles	188.0	16.563
Furniture	16.4	5.533

The outstanding balance of Murabaha financing allocated for such needs from the funds of joint investment and Investment by proxy (investment portfolios) by the end of 2019 was as follows:

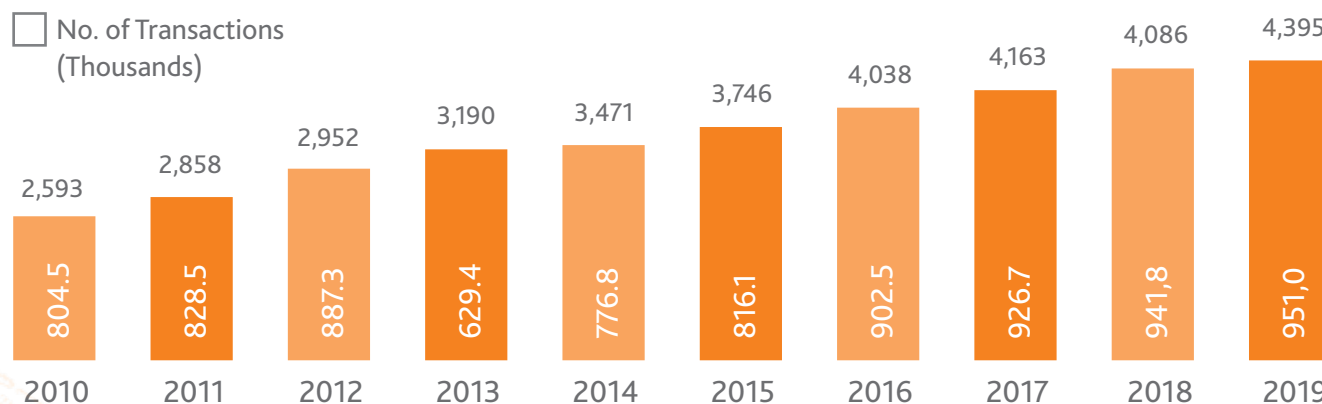
Financed Needs of Individuals	JD (Million)	Number of beneficiaries of Financing
Land, housing and construction materials	432.9	62.520
Transportation means and construction vehicles	439.8	79.676
Furniture	34.6	18.247

Moreover, the Bank continued to direct a part of its self-funds, joint investment funds and Investment by proxy (investment portfolios) funds to be invested in the capitals of national companies whose main business does not include any Sharia non-compliant activities, and which produce commodities and provide services useful to the society and the national economy. At the end of 2019, the number of companies whose capitals are invested in by the Bank reached (33), and the volume of such investment reached nearly JD (100) million.

#### D. Attracting Savings:

At the end of 2019, the total balances of saving vessels amounted to around JD (4,395) million (including the off-balance sheet items), distributed to (951) thousand active accounts, compared to around JD (4,086) million (including the off-balance sheet items) at the end of 2018, distributed to (942) thousand active accounts.

Saving Schemes Total Balances (Million JD)

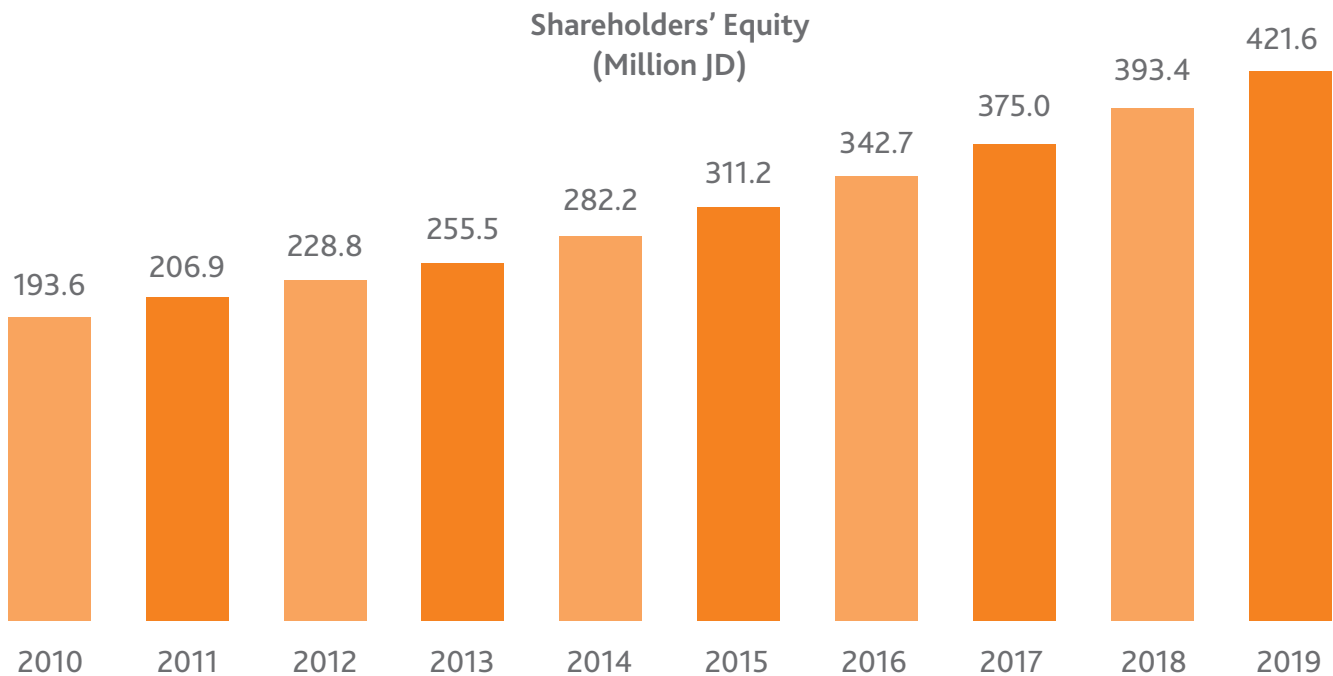


### E. Shareholders' Equity:

By the end of 2019, shareholders' equity reached around JD (422) million compared to JD (393) million at the end of 2018. The details are as follows in million JD:

Year	Paid-up Capital	Statutory Reserve	Voluntary Reserve	Reserve of General Banking Risks	Retained Earnings	Shareholders' Equity
2019	200.00	92.88	37.09	2.24	89.39	421.60
2018	180.00	84.02	38.23	1.38	89.77	393.39
Increase (decrease)	20.00	8.86	(1.14)	0.86	(0.38)	28.21
	11.1%	10.5%	(3.0%)	62.3%	(0.4%)	7.2%

Capital Adequacy Ratio (CAR) at the end of 2019 and 2018 amounted to about (24.33%) and (22.8%) respectively according to the Islamic banks CAR standards issued by CBJ.



**F. Profits of Joint Investment:**

The total profits of joint investment during 2019 reached around JD (197) million compared to around JD (192) million during 2018.

Rates of profits distribution over accounts of 2019 were as follows:

Currency	General Percentage	Term	Notice	Savings
Local Currency	3.00-5.00%	2.70-4.50%	2.10-3.50%	1.20-2.00%
Foreign Currencies	1.50-2.00%	1.35-1.80%	1.05-1.40%	0.60-0.80%

**G. Bank Profits:**

In 2019, the Bank's profits before tax amounted to around JD (88.6) millions, while the profits after tax amounted to around JD (54.3) millions.



Fiscal year	Total Assets (1)		Saving Schemes (2)		Financing & Investment (3)		Paid-up Capital	Shareholders' Equity	Joint Investment Profits	Joint Investment risks fund	Profit Before Tax	Profit After Tax	General percentage of profit distribution to local currency accounts	General percentage of profit distribution to foreign currency accounts	Percentage of dividends to shareholders	Number of branches and offices	Number of employees
	Total Balances	No. of Active Accounts (thousands)	Total Balances	Thousand transaction	Total Balances	Thousand transaction											
2010	2858.1	2593.0	804.5	1700.8	145.4	100.0	193.6	100.8	14.6	40.7	29.1	%3.89	%0.72	15% in cash	72	1829	
2011	3127.0	2858.3	828.5	1784.1	148.2	100.0	206.9	109.7	7.3	39.7	28.3	%3.35	%0.69	15% in cash 25% bonus shares (6)	75	1904	
2012	3255.5	2952.0	887.3	2468.4	161.3	125.0	228.8	144.6	14.5	51.2	36.4	%3.94	%0.83	15% in cash	79	2000	
2013	3522.4	3190.4	629.4 (4)	2495.2	179.4	125.0	255.5	166.1	8.0	64.7	45.1	%4.29	%1.67	15% in cash 20% bonus shares (7)	80	1979	
2014	3855.2	3470.8	776.8	2630.0	185.8	150.0	282.2	166.4	17.3	64.0	45.1	%3.52	%1.45	13% in cash	86	2051	
2015	4169.8	3745.7	816.1	3152.8	200.8	150.0	311.2	177.4	19.9	74.7	48.7	%3.40	%0.61	15% in cash	93	2148	
2016	4502.7	4037.5	902.5	3243.3	217.0	150.0	342.7	197.9	29.6	83.7	54.0	%3.39	%0.92	15% in cash 20% bonus shares (8)	97	2236	
2017	4665.6	4163.3	926.7	3362.7	225.4	180.0	375.0	191.2	36.4	80.9	54.1	%3.20	%1.04	15% in cash	100	2335	
2018	4617.6	4085.9	941.8	3551.5	222.8	180.0	393.4	191.8	31.7	75.4	49.8	3.10%	1.10%	15% in cash 11.11% bonus shares (9)	105	2405	
2019	4970.1	4395.4	951.0	3817.0	222.9	200.0	421.6	196.7	30.0	88.6	54.3	3.0-5.0%	1.50-2.0%	(10)	108	2440	

- Including the total of balance sheet and the balances of accounts managed in favor of third parties which appear as off-balance items (restricted investments, and investment by proxy (Investment Portfolios)).
- Including the balances of trust (Amanah), unrestricted investments, cash deposits, banks, restricted investments and investment by proxy (Investment Portfolios).
- Including the balances of financing, self-investment, receivables, joint investment, investment deposits with the Islamic banks and the invested balances of accounts managed in favor of third parties, "restricted investments and "investment by proxy".
- The decrease in number of the active accounts in 2013 is attributed to the application of the unified number to the clients in the new banking system.
- Deduction to the Investment Risk Facility Fund has been canceled as of 1/5/2019, in response to the amended Banking Law, and the remaining balance of the fund is kept under the new title of "Provision for Facing Future Risks".
- Bonus shares distributed on 20/6/2012.
- Bonus shares distributed on 10/6/2014.
- Bonus shares distributed on 5/6/2017.
- Bonus shares distributed on 26/6/2019.
- In realization of the Circular No. 1/1/4693 dated 9/4/2020 issued by the Governor of Jordan Central Bank, all licensed Jordanian banks are approved to defer distributing the shareholders' dividends for the year 2019.





**Future Plan  
of the Bank  
for the year 2019**

## **Eighth: Future plan of the Bank for the Year 2019**

1. Continuing the introduction and development of new banking electronic services that meet the desires and needs of the banking market, provided obtaining the legal approval, and continuing to keep pace with and meet the market requirements for services.
2. Continuing to extend the offering of financing facilities to individuals on Murabaha, Ijarah Muntahia Bittamlik.
3. Continuing to expand SMEs projects financing grants.
4. Continuing to implement the Digital Transformation Plan and introducing new e-banking services.
5. Continuing to develop staff competencies and skills
6. Branching plan:
  - A. Opening a Digital Branch.
  - B. Transforming two offices into two branches.
7. Continued commitment to governance, asset quality improvement, risk management and compliance monitoring.
8. Continuing to undertake social responsibility in different areas



## Ordinary General Assembly Agenda

## Ninth: Ordinary General Assembly Agenda

Dear Shareholders,

We hope that this report gave an overview of the Bank's activities and achievements during 2019. The Board of Directors is pleased to present the following agenda to the General Assembly:

1. Reciting the minutes of the General Assembly's previous meeting.
2. Listening to the report of the Bank's Sharia Supervisory Board for the fiscal year ended on 31/12/2019.
3. Reciting, discussing and approving the report of the company's auditor for the fiscal year ended on 31/12/2019.
4. Reciting the Auditors Report for the fiscal year ended on 31/12/2019, voting on and approving the bank's accounts and balance sheet of 2019 (Considering that shareholders' dividends would not be distributed for the fiscal year ended on 31/12/2019 in realization of the circular issued by H.E. Governor of the Central Bank of Jordan No. 1/1/4693 dated 9/4/2020).
5. Discharging the Board members for the previous fiscal year.
6. Electing the company's auditor for the upcoming year and determine their remuneration.
7. Any other matters suggested by the General Assembly to be included in the agenda in accordance with the provisions of the law.

In conclusion, we thank Allah for His grants and donations and for the success He granted us. We provoke Allah the Glorious to give us assistance, help and constant success. We have trust in Allah, and we ask His help in achieving our goals and objectives.

We would like to thank the Bank's shareholders who have participated and are still participating in its development, as well as our generous clients for their trust in the Bank and their eagerness to deal with it to support and consolidate its position. We would like also to thank the executive management and staff who spare no effort to operate, manage and promote the position of the Bank. We also thank the CBJ for their care and understanding of the particularity and business nature of the Islamic banks as regards the regulations and instructions issued thereby.

Last but not the least, we proudly and appreciably indicate the important role of our respected jurisprudent scholars for their efforts in promoting public awareness of dealing with the Bank. May Allah reward them the best.

We ask Allah to grant us mercy and prepare for us from our affair right guidance and guide us to the right path.

Board of Directors



## Annexes to Board of Directors Report of 2019







# Annex I

## “Disclosure Requirements in Corporate Governance Guide of the Bank”

## Annex I

### “Disclosure Requirements in Corporate Governance Guide of the Bank”

#### 1- Extent of compliance with the Corporate Governance Guide

Jordan Islamic Bank always endeavors to provide the best and highest-level Islamic Banking services and products and seeks to innovate and develop new services that are compliant with the principles and teachings of the Islamic Sharia. As corporate governance provides the best rules, regulations and procedures which achieve and sustain trust in the Bank and its various activities, Jordan Islamic Bank has decided to adopt the sound practices of corporate governance and prepare the corporate governance guide in accordance with the best related international practices and in consistence with the CBJ amending Instructions for corporate governance No. (64/2016) dated 25/9/2016, noting that the Bank had, in 31/12/2007, issued its first Corporate Governance Guide.

The Bank has also prepared and updated the Corporate Governance Guide and published it on its website ([www.jordanislamicbank.com](http://www.jordanislamicbank.com)) to comply with it with regard to the Board of Directors (in terms of composition, suitability, meetings, secretary's duties, Board of Directors duties and tasks, duties of the Board of Directors members and chairman, responsibility and accountability, and the committees of the Board of Directors), Top Executive Management (in terms of the role of the CEO/General Manager, tasks, suitability and responsibility), Sharia supervisory Board (concerning appointment of the Board, suitability, independency, meetings, tasks, responsibilities, and organization of the Board's works), monitoring and internal & Sharia control environment (monitoring and internal control systems, internal auditing department, internal Sharia auditing department, external auditing, risks department, and compliance department), relation with shareholders and the Joint Investment Account holders.

#### 2- Relationships with Shareholders

All legal steps are taken to encourage shareholders, including the small ones, to attend the Ordinary and Extraordinary meetings of the General Assembly, to discuss and vote either in person or by proxy. The Board of Directors members, the Sharia Supervisory Board, the external auditors and representatives of regulatory and official authorities also attend the annual meeting of the General Assembly in order to answer any questions that might be raised. Minutes of the meeting are prepared to the General Assembly to brief the shareholders on the comments that have been made in the meeting and the conclusions reached, including the results of voting and shareholders' questions and responses to them. The invitation and the agenda of the General Assembly and the minutes of the meetings of the General Assembly will be posted on the Bank's website: [www.jordanislamicbank.com](http://www.jordanislamicbank.com).

#### 3- The Joint Investment Accounts Holders Equities and their Relationship with the Shareholders

The Bank preserves the rights of the joint investment accounts holders. They can be accessed by various means such as the corporate governance guide and/or the annual report and / or the Bank's website ([www.jordanislamicbank.com](http://www.jordanislamicbank.com)) which also includes the policy governing the relation between the owners of the joint investment accounts with the shareholders.

## 4- Monitoring and Internal Control Systems

**First:** The executive management responsibility for setting up and maintaining monitoring and internal control systems over the financial reporting in the Bank and maintain those systems:

- The Bank’s Board of Directors and top executive management are responsible for the development of internal control procedures capable to achieve the following:
  - Accuracy and integrity of financial and operational data issued by the Bank.
  - Efficient and effective performance of the Bank’s operations.
  - Effectiveness of the Bank’s assets and property protection procedures.
  - Compatibility with the internal working procedures and policies, as well as laws, legislation and regulations in force.

**Second:** The internal audit provides emphatic and advisory independent and objective services to the Board of Directors and executive management in order to assist them in achieving the established objectives, which would improve the effectiveness of risk management and internal control and corporate governance.

**Third:** The Internal Audit Department provides reasonable assurance over the effectiveness and efficiency of the monitoring and internal control systems of the Bank and its ability to achieve the following:

- Accuracy and reliability of the financial statements.
- Operations efficiencies.
- Compliance with regulations, instructions and laws in force.
- Preserve the Bank’s assets and properties.
- Work continuity under all circumstances.
- Improvement and development of monitoring and internal control, risk management and corporate governance operations systems.
- Improvement and development of the operations and products to achieve the Bank’s goals.

**Fourth:** The Internal Audit Department’s scope of work covers all work centers, activities and operations of the Bank, including its subsidiaries; it enables the Bank to assess the appropriateness and effectiveness of internal control and risk management processes and corporate control systems and cope with all its tasks and responsibilities. In addition, the Internal Audit Department carries out several tasks, including the following:

- Performing periodic audits based on risk-based audit approach.
- Carrying out any special assignments or consultations based on the directives of the audit committee of the Board of Directors or Chief Executive Officer/ General Manager.

**Fifth:** The Top Executive Management evaluates the effectiveness of the internal control systems through the following:

- The reports presented by the Internal Audit Department to the Audit Committee of the Board of Directors at its regular meetings about the most important observations and recommendations.
- Managing the major risks facing the Bank through the Risk Management Department and the Risk Committee of the Board of Directors.

- Setting up and developing the strategies and policies and implementing the same after the approval of the Board of Directors.
- Adopting the Bank’s organizational structure, approving the same by the Board of Directors, ensuring actual compliance with the organizational structure, forming committees and delegating powers and authorities.
- Preparing and approving the annual budget by the Board of Directors and providing periodic performance reports to the Board of Directors showing the deviation between the actual and projected performance.
- Detailed job description for the tasks and responsibilities of each position and the activity of each organizational unit.
- Implementing dual control for each activity or operation.
- Segregating and identifying duties to avoid conflict of interests and reduce risks.
- The Board and/or the Board committees’ review of the reports of supervisory authorities as well as external and internal auditing, follow up on violations and relevant comments and ensure that the Bank’s management remedies such violations and takes the necessary measures to ensure that such violations are not repeated.

**Sixth:** The Top Executive Management affirms that the monitoring & internal control systems on the date of preparing the financial statements contained in the annual report of the Board of Directors are sound, and the Management enforces the internal control systems constantly.

**In addition, the Board of Directors acknowledges the adequacy of the internal control and monitoring Sharia supervisory systems.**

## 5- Board meetings and details of the Board committees:

A. The Board(1) held nine (9) meetings in 2019.

B. The following is information on the current Board Committees as of 29/04/2019:

Description	Current Members Names	Formation	Tasks and responsibilities	No. of meetings in 2019
Corporate Governance Committee	Ayman Abdel Karim Bashir Hatahet (Chairman) Musa Abdulaziz Mohammad Shihadeh (Vice Chairman) Mr. Hamad Abdullah Ali Al-Oqab (member)(2) Mr. Issa Haider Issa Murad (Member) Mr. Saleh Yaqoub Mohamed Hussein (member)	Formed in response to the requirements of the Corporate Governance Guide	Ensuring the application of the Corporate Governance Guide	2
Audit Committee	Malak F. R. Ghanem (Chairman) Adnan Abdulla Al-Suleiman Al-Bassam (Vice-Chairman)(3) Hamad Abdulla Ali Al Oqab (Vice-Chairman)(4) Nabih Ahmad Salameh Alzenat (Member)	Already formed in accordance with the Banks Law and the instructions of Jordan Securities Commission	Ensuring the adequacy of the external and internal auditing and control systems, the internal control, and the compliance with the related financial and accounting regulations	4

Description	Current Members Names	Formation	Tasks and responsibilities	No. of meetings in 2019
Credit Facilities Committee	Hamad Abdullah Ali Al-Oqab (Chairman) Musa Abdulaziz Mohammad Shihadeh (Vice Chairman) Hood Hashem Ahmed Hashem (member) Adnan Abdulla Al-Suleiman Al-Bassam (Member) Nour "Moh'd Shaher" "Moh'd Lutfy" Mahayni (member)	Formed in the first years of the Bank's establishment	Approving the Banking facilities, financing and investment agreements within the authorities delegated to it by the Board	9
Nominations and Remunerations Committee	Issa Haider Issa Murad (Chairman) Ayman Abdel Karim Bashir Hatahet (Vice Chairman) Malak Fawzi Ragheb Ghanem (member) Musa Abdul Aziz Shihadeh (Member) Hamad Abdulla Ali Al-Oqab (Member)	Formed in response to the requirements of the Corporate Governance Guide	Defining the capacity of the independent member, evaluating the Board and Board committee's efficiency, providing Board members with information on the important issues of the Bank, and ensuring the availability of sufficient remunerations policy, and the identifying the qualified persons to join the Board, the Sharia Supervisory Board and the top executive management	5
Risk Management Committee	Saleh Yacoub Mohamed Hussein (Chairman) Adnan Abdulla Al-Suleiman Al-Bassam (Vice Chairman) Hood Hashem Ahmed Hashem (member) Hussein Said Mohammad Saifan (Member) Manwar Atallah Hassan Masadeh (Member)	Formed in response to the requirements of the Corporate Governance Guide	Ensure that policies and strategies for risks and compliance management are in place	4
Social Responsibility and Sustainability Committee	Nour "Mohamed Shaher" "Mohamed Lotfy" Mahayni (Chairman) Issa Haider Issa Murad (Vice Chairman) Ayman Abdel Karim Bashir Hatahet (member) Musa Abdulaziz Mohammad Shihadeh (Member) Hussein Said Mohammad Saifan (Member)	Formed to confirm the Bank's care of the social and sustainability sides	Supervise the Bank's implementation of the social responsibility sustainability	1
IT Governance Committee	Hood Hashem Ahmed Hashem (Chairman) Salem Ahmed Jamil Alkhaza'leh (Vice Chairman) Issa Haider Issa Murad (Member)(5) Adnan Abdulla Al-Suleiman Al-Bassam (Member)(6)	Formed as a response to governance instructions and management of information and the accompanying technology	General supervision and monitoring the operations and IT projects to ensure their adequacy and effective contribution in achieving the works and requirements of the Bank	4
Compliance Committee *	Salem Ahmad Jamil Alkhaza'leh (Chairman) Adnan Abdulla Alsulaiman Albassam (Vice-Chairman) Nabih Ahmad Salameh Alzenat (Member)	Formed in response to the instructions of dealing with the domestic banks of systemic interest	Ensuring that there are adequate internal control and monitoring systems in the Bank to implement the requirements of the Compliance Monitoring Policy. and be informed about the assessment carried out by the Executive Management on the relevance of the Bank's compliance procedures and guidelines, tracking any deficiencies discovered and drafting the appropriate proposals for amendments.	2

(1) A new board of directors was elected on 29/04/2019.

(2) As of 25/07/2019.

(3) As of 25/07/2019.

(4) Until 25/07/2019.

(5) As of 25/07/2019.

(6) Until 25/07/2019.

## C. The following is information about the previous board committees as of 29/04/2019:

Description	Current Members Names	Formation	Tasks and responsibilities	No. of meetings until 29/04/2019
Corporate Governance Committee	Dr. Hatem Hafez Al-Halawani Al-Tamimi (Chairman) Salem Ahmed Jameel AlKhazaleh (Vice Chairman) Adnan Ahmed Youssef Abdel Malek (member)	Formed in response to the requirements of the Corporate Governance Guide	Ensuring the application of the Corporate Governance Guide	1
Audit Committee	Malak F. R. Ghanem (Chairman) Adnan Abdullah Al-Suleiman Al-Bassam (Vice-Chairman) Nabih Ahmad Salameh Alzenat (Member)	Already formed in accordance with the Banks Law and the instructions of Jordan Securities Commission	Ensuring the adequacy of the external and internal auditing and control systems, the internal control, and the compliance with the related financial and accounting regulations	2
Credit Facilities Committee	Adnan Ahmed Yousif AbdulMalek (Chairman) Nour (Moh'd Shaher) (Moh'd Lutfi) Mahayni (Vice-Chairman) Adnan Abdulla Alsulaiman Albassam (Member) Hamad Abdulla Ali Al Oqab (Member) Hood Hashem Ahmed Hashem (Member)	Formed in the first years of the Bank's establishment	Approving the Banking facilities, financing and investment agreements within the authorities delegated to it by the Board	3
Nominations and Remunerations Committee	Issa Haidar Issa Murad (Chairman) Adnan Ahmed Yousif AbdulMalek (Vice Chairman) Malak F. R. Ghanem (Member)	Formed in response to the requirements of the Corporate Governance Guide	Defining the capacity of the independent member, evaluating the Board and Board committee's efficiency, providing Board members with information on the important issues of the Bank, and ensuring the availability of sufficient remunerations policy, and the identifying the qualified persons to join the Board, the Sharia Supervisory Board and the top executive management	3
Risk Management Committee	Saleh Yaqoub Mohammad Hussein (Chairman) Adnan Abdulla Alsulaiman Albassam (Vice-Chairman) Hood Hashem Ahmed Hashem (Member) Musa Abdel-Aziz Mohammad Shihadeh (Member) - Dr. Hussein Said Moh'd Saifan (Member) Dr. Menawar Atta Allah Hassan Al Mossada	Formed in response to the requirements of the Corporate Governance Guide	Ensure that policies and strategies for risks and compliance management are in place	2

Description	Current Members Names	Formation	Tasks and responsibilities	No. of meetings until 29/04/2019
Social Responsibility and Sustainability Committee	Salem Ahmad Jamil Alkhaza'leh (Chairman) Nour (Moh'd Shاهر) (Moh'd Lutfi) Mahayni (Vice-Chairman) Issa Haidar Issa Murad (Member) Hamad Abdulla Ali Al Oqab (Member) Musa Abdel -Aziz Mohammad Shihadeh	Formed to confirm the Bank's care of the social and sustainability sides	Supervise the Bank's implementation of the social responsibility sustainability	1
IT Governance Committee	Hood Hashem Ahmed Hashem (Chairman) Salem Ahmed Jamil Alkhaza'leh (Vice Chairman) Adnan Abdullah Al-Suleiman Al-Bassam (Member)	Formed as a response to governance instructions and management of information and the accompanying technology	General supervision and monitoring the operations and IT projects to ensure their adequacy and effective contribution in achieving the works and requirements of the Bank	2
Compliance Committee *	Salem Ahmad Jamil Alkhaza'leh (Chairman) Adnan Abdulla Alsulaiman Nabih Ahmad Mahmoud (Salameh Alzenat) (Member)	Formed in response to the instructions of dealing with the domestic banks of systemic interest	Ensuring that there are adequate internal control and monitoring systems in the Bank to implement the requirements of the Compliance Monitoring Policy. and be informed about the assessment carried out by the Executive Management on the relevance of the Bank's compliance procedures and guidelines, tracking any deficiencies discovered and drafting the appropriate proposals for amendments.	1

E. Summary of the meetings attended by the Board of Directors and its committees during 2019: Annex III includes a table indicating the number of the meetings of the Board of Directors and its committees held during 2019, as well as the number of meetings attended by the members.

F. Authorities delegated by the Board of Directors to its Committees:

- **Corporate Governance Committee:**

- Guiding and overseeing the preparation of the Corporate Governance Guide, updating it as required, making recommendation to the Board in light of that and monitoring the implementation of that Guide.
- Ensuring the application of Corporate Governance Guide.

- **Risk Management Committee:**

- Reviewing risk management policies and proposing them to the Board of Directors for approval.
- Assisting the Board of Directors in managing the risks facing the Bank (such as credit risk, market risk, operational risk, liquidity risk).

- Ensuring that adequate risk management systems are in place; such as operational risk management and customers' credit rating systems, etc.
- Monitoring risk exposure at the level of the country, currency, time limits, counterparty, instrument, market, and sector.
- Studying risks acceptable limits (risk appetite) and proposing them to the Board of Directors for approval.
- Following-up on measuring and controlling the risks facing the Bank.
  
- **Nominations and Remunerations Committee:**
  - Determining independent members of the Board of Directors in accordance with the independent member conditions.
  - Identifying the persons eligible for membership in the Board of Directors, top Executive Management, Sharia Supervisory Board.
  - Appraising the performance of the Board, the Chief Executive Officer/ General Manager of the Bank, Sharia Supervisory Board, and the Top Executive Management and giving recommendation to the Board accordingly.
  - Proposing to the Board of Directors to grant annual increase, bonuses, etc. to all Bank's employees.
  
- **Audit Committee:**
  - Reviewing the financial statements of the Bank prior to submission to the Board; in particular, to verify the implementation of the Central Bank instructions on the required provisions.
  - Reviewing accounting issues that have significant impact on the financial statements.
  - Reviewing the monitoring and internal control systems of the Bank.
  - Reviewing the external auditor's report on the internal control systems and information system and providing recommendations to the Board accordingly.
  - Giving recommendations to the Board regarding the appointment of external auditor, the remunerations thereof, and any conditions in the contract therewith in addition, to evaluating the independence thereof, taking into account any other work entrusted to him outside the scope of the audit mandate.
  - Ensuring the ability of the external auditor to verify the Bank's compliance with the legal controls in accordance with the conditions stipulated in the engagement letter thereof.
  - Providing recommendations to the Board concerning matters related to the internal audit procedures and the work of the external auditor.
  
- **Credit Facilities Committee:**
  - Studying the applications to obtain direct and indirect banking facilities within the powers of the Committee, and approving the same.
  
- **The Social Responsibility and Sustainability Committee:**
  - Reviewing the social responsibility and sustainability report of the Bank and proposing the approval thereof to the Board.
  - Leading the social responsibility program of the Bank.
  - Following up on the work of the social responsibility committee of the executive management.



- **IT Governance Committee:**
  - General supervision on the IT operations, resources, and projects to ensure their adequacy and effective contribution in meeting the Bank’s requirements and operations.
- **Compliance Committee:**
  - Observing and monitoring the application of compliance policy, anti-money laundering and terrorist financing policy, economic and trade sanctions policy for the Bank, and the Foreign Account Tax Compliance Act (FATCA) ... etc.
  - Ensuring that there are adequate internal control and monitoring systems in the Bank to implement the requirements of the Compliance Monitoring Policy.
  - Be informed about the assessment carried out by the Executive Management on the relevance of the Bank’s compliance procedures and guidelines, tracking any deficiencies discovered and drafting the appropriate proposals for amendments.

## 6- Sharia Supervisory Board Meetings:

A. Sharia Supervisory Board has held (6) meetings in 2019.

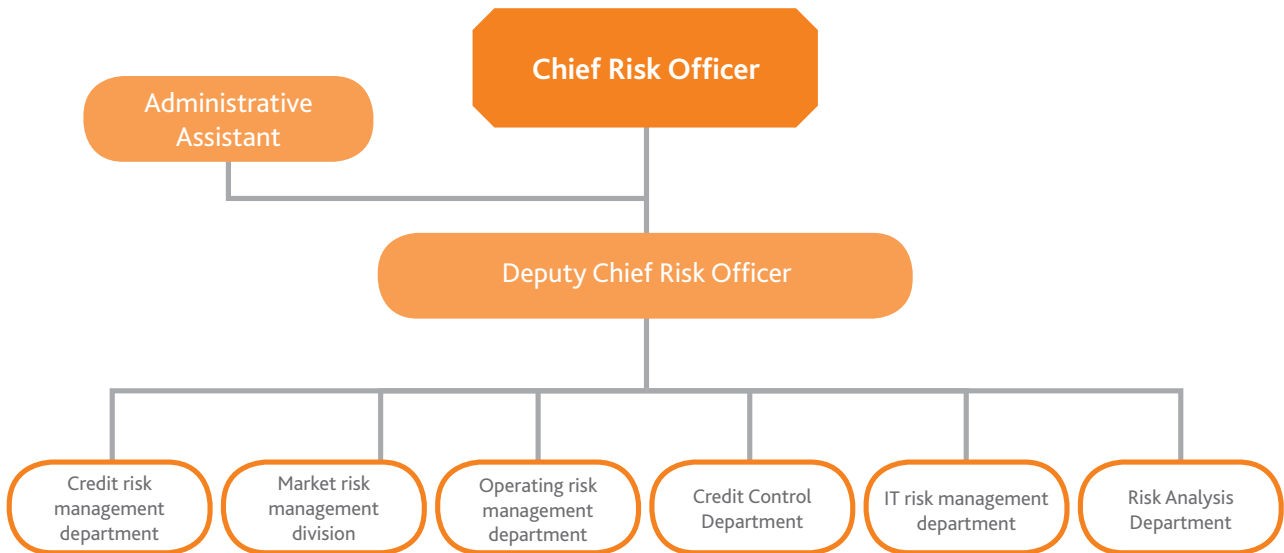
B. Summary of the meeting attendance of the Sharia Supervisory Board:

Current Members	No. of meetings attended	Remarks
Prof. Dr. Mahmoud Ali Mosleh Sartawi (Chairman)	6	
Prof. Dr, Abdul Rahman Ibrahim Zaid Al Kelani (Vice-Chairman)	6	
Prof. Dr. Abd Sattar Abdul Karim Abu Ghoddeh (Member)	5	Apologized for attending the meeting No. (6/2019)
Dr. "Mohammad Khair" Mohammad Salem Al-Issa (Member)	6	

## 7- Risk Management Department

The Bank manages its various banking risks by following comprehensive risk management procedures, including appropriate oversight by the Board of Directors and the senior management in order to identify, measure, follow-up and monitor the relevant risk categories and prepare reports thereon, maintaining, where necessary, sufficient capital to address these risks. These procedures take into consideration adherence to the provisions and principles of Islamic Sharia.

A. According to the organizational structure of the Bank, the Risk Management Department directly reports to the Risk Management Committee of the Board and indirectly to the CEO/ General Manager as shown below:



- B. The Risk Management Department performs a number of daily and periodic tasks, notably:
- Supervising the Risk Management Process in the Bank.
  - Learning about the risks that the Bank might be exposed to and evaluating them to determine the material risks.
  - Developing material risk management policies that include the acceptable level of risk and risk management strategies.
  - Following-up on the commitment of the entites concerned with risk management to implement their specific tasks in the Risk Governance as included in the risk management policies of approved importance.
  - Analyzing the operations carried out in the Bank and ensuring that the necessary controls are identified in proportion to the acceptable level of risk, type of risk and amount of risk.
  - Monitoring all risks that the Bank may be exposed to continuously and preparing the risk profile in accordance with the type of risk and its criticality.
  - Supervising the Enterprise Risk Management Solutions (ERM).
  - Calculating the necessary allocations to meet the expected credit losses according to the instructions of the Central Bank of Jordan.
  - Spreading the culture of risk management to all different levels of management in the Bank.
- C. Bank risks are stated in Note No. 61 to the Bank's Financial Statements for the year 2019.

## 8. Remuneration policy:

### A. The remunerations of the Board of Directors and committees of the Board:

- The provisions of this policy shall apply in consistency with the regulations in force at the Bank and as per the instructions of the Central Bank of Jordan, the Jordanian Companies Law and the instructions of the Securities Commission.
- The scope of application includes annual bonuses, transportation allowance, members' per diem (in particular non-resident members) and committees' membership allowances.

### B. The remunerations of the top executive management, and employees' incentives and bonuses:

- The provisions of this policy shall apply to the extent it is in line with the regulations in force by the Bank such as Jordan Islamic Bank Staff Regulation, and the Jordanian Labor Law No. 8 of 1996, as amended.
- The scope of work includes profit bonus, end of service remuneration, special work bonus, and annual raises which are linked to the performance appraisal, end of service benefits, moral bonus and in-kind bonus.
- In light of the results achieved by the Bank in the previous year, bonuses are paid to the top executive management as follows: (50%) of the bonus in the year in which a decision has been made to disburse the bonus and the other (50%) shall be paid in the next year. Regarding the employees' bonuses, they are paid as lump sum without delay in the year in which a decision has been made to disburse the bonus.

## 9. Transparency and Disclosure:

- A. Annex IV contains the organizational structure of the Bank.
- B. The Board of Directors acknowledges their responsibility for the accuracy and adequacy of the Bank's financial statements and the any information included in this report.
- C. Annex IV contains the information required concerning each member of the Board of Directors (qualifications, experience, share in the capital of the Bank, independence, date of appointment, any memberships in boards of directors of other companies, remunerations obtained from the Bank, funds provided thereby to the Bank, and any other transaction between the Bank and the member or the associated persons).
- D. Annex IV contains the information required concerning each of the Sharia Supervisory Board members, as well as the annual remuneration thereof, and the amounts paid to each of them in form of travel expenses inside and outside the Kingdom.
- E. Annex IV contains the benefits and bonuses earned by the top executive Management in form of wages, remunerations, salaries, and bonuses ....etc. and payments made for each of them as travel and transport expenses inside the Kingdom.
- F. Annex IV includes the names of shareholders who hold (1%) or more of the Bank's capital.
- G. The Board of directors has reviewed the consolidated report which shows the complaints of the customers during 2019; the results of the complaints evaluation report by the board were as follows:
  - 1. There is a clear interest by the Bank's management in handling customers' complaints through delegating the relevant authorities to the concerned officers to conduct the necessary investigations and ask for any information or documents that the investigator deems necessary for the completion of his/her work, including assigning special taskforces to investigate the cases so require, so as to ensure the validity of the procedures in place.
  - 2. The number of complaints received compared to the volume of the work provided (services/ products) and the volume of the Bank's customers base is acceptable. The studies carried out by the concerned departments of the Bank to identify the repeated complaints on the same subject, their grounds and the actions taken were appropriate are used to further improve the level of service provided to the Bank's customers.

## Acknowledgement

The Board of Directors of Jordan Islamic Bank hereby acknowledges that, for the past year, none of the Board of Directors members obtained any benefits during his work in the Bank without declaring the same, either in cash or in-kind, and either for himself in person or to any person related to him.

**Board Member**

Albaraka Banking Group Co.

Represented by

Adnan Abdulla Al Sulaiman Al Bassam



**Board Member**

Salem Ahmad Jarjil Alkhaza'leh



**Board Member**

Malak Fawzi Ragheb Ghanem



**Vice-Chairman**

Albaraka Banking Group Co.

Represented by

Hamad Abdulla Ali Al Oqab



**Board Member**

Albaraka Banking Group Co.

Represented by

Nour "Mohammad Shaheer"  
"Mohammad Lutfi" Mahayni



**Board Member**

Issa Haidar Issa Murad



**Board Member**

Saleh Yacoub Mohammad Hussein



*M. Shihadeh*  
**Chairman**

Musa Abdelaziz Mohammad Shihadeh

**Board Member**

Albaraka Banking Group Co.

Represented by

Hood Hashem Ahmed Hashem



**Board Member**

Ayman Abdul Kareem Basheer Hatahet



**Board Member**

Nabih Ahmad Salameh Alzenat

## Acknowledgement

The Sharia Supervisory Board of Jordan Islamic Bank hereby acknowledges that, for the past year, none of the Sharia Supervisory Board members obtained any benefits during his work in the Bank without declaring the same, either in cash or in-kind, and either for himself in person or to any person related to him.

### Chairman

Prof. Mahmoud Ali Moseh Al Sartawi



### Vice-Chairman

Prof. Abdul Rahman Ibrahim Zaid Al Kelani



### Board Member

Prof. Abd Sattar Abd Al Karim Abu Goddeh



### Board Member

Dr. "Mohammad Khair" Mohammad Salem Al-Issa





## **Annex II**

### **Disclosure Requirements According to the Terms of the IT Governance Guide and the Associated Technology**



## Annex II

### “Disclosure Requirements According to the Terms of the IT Governance Guide and the Associated Technology”

Compliance with the terms of the IT Governance Guide and the associated technology:

The concept of IT Governance is of great interest to all levels of government, legislation, supervisors, regulators and business organizations alike. The studies and researches revealed the advantages and benefits gained on the macroeconomic level along with the economic units as a result of applying the rules and standards of sound governance. Moreover, the profound actions taken to fix the pillars of corporate governance showed the critical role of IT governance. The proper application of the principles, rules, and methodology of IT governance is a means to protect information security and privacy in the economic institutions.

That’s why the Bank decided to implement the corporate governance practices related to this subject, along with the preparation of the IT Governance Guide and the associated technology based on the instructions of the Central Bank of Jordan No (65/2016) dated 25/10/2016 and publish the guide on the Bank’s website ([www.jordanislamicbank.com](http://www.jordanislamicbank.com)).

In accordance with the latest report issued by the Bank’s external adviser, Messers/ Ernst & Young, on October 2019, the level of achievement of the terms of the IT Governance Guide and the associated technology is as shown in the table below. Based on the pre-set plan, the following evaluation date agreed upon will be during February 2020:

Item	Accomplished	Partially Accomplished*	Not Accomplished*	Total
Item 4: Development of the IT Governance Guide	2	0	0	2
Item 5: Dissemination of the IT Governance Guide	2	0	0	2
Item 6: Goals of the IT Governance Guide	11	3	0	14
Item 7: Committees	31	1	0	32
Item 8: IT governance and administrative processes	5	0	0	5
Item 9: Internal and External Audit	18	0	0	18
Item 10: Principles, Policies and work frames	0	4	0	4
Item 11: Organizational Structure	2	0	0	2
Item 12: Information and Reports	3	1	0	4
Item 13: Services, Infrastructure and Applications	0	2	0	2
Item 14: Employees, Skills and Competencies	2	2	0	4
Item 15: Culture, Ethics and behavior	3	0	0	3
<b>Total</b>	<b>79</b>	<b>13</b>	<b>0</b>	<b>92</b>
<b>Compliance level in %</b>	<b>86%</b>	<b>14%</b>	<b>0%</b>	<b>100%</b>

\* These items are in the process and it is planned to finish applying the not accomplished items during the first quarter of the year 2020.





## Annex III

### “The Governance Report”

According to the instructions issued by Jordan Securities Commission for the Public Shareholding Companies Listed in Amman Stock Exchange for 2017

## Annex III

### “The Governance Report”

According to the instructions issued by Jordan Securities Commission for the Public Shareholding Companies Listed in Amman Stock Exchange for 2017

#### 1. The information and details related to the application of the provisions of the instructions and rules of corporate governance:

Jordan Islamic Bank decided to adopt the sound Corporate Governance Practices and prepare the “Corporate Governance Guide” in accordance with the best international practices in the field, and in consistence with Islamic banks corporate governance instructions No. (64/2016) dated 25/09/2016 issued by the Central Bank of Jordan; it is noteworthy to mention that The Bank prepared the corporate governance guide on 31/12/2007 for the first time.

The Bank prepared and updated a corporate governance guide and published it on its website ([www.jordanislamicbank.com](http://www.jordanislamicbank.com)) to comply with it in terms of the Board of Directors (composition, suitability, meetings, secretary’s duties, Board of Directors duties and tasks, duties of the Board of Directors’ members and chairman, responsibility and accountability, and the committees of the Board of Directors), top executive management (The executive role of the CEO/General Manager, tasks, suitability and responsibility), Sharia supervisory Board (appointment of the Board, suitability, independency, meetings, tasks, responsibilities, and organization of the Board’s works), monitoring and internal control environment (monitoring and internal control systems, internal auditing department, internal Sharia auditing department, external auditing, risk management department, and compliance department), and last but not the least, relations with shareholders and the Joint Investment Account Holders.

The Bank applies all the guidelines provided in the “Guidelines for Corporate Governance for Public Shareholding Companies Listed in Amman Stock Exchange in 2017, issued by the Securities Commission.

2. The table below provides the names of the legal current members of the Board of Directors, the representatives of the legal members, showing those nonexecutives and/or not independent and the board memberships of other public Shareholding Companies and resignations during 2019:

Names of the members of the board of directors	Names of the legal entities representing the board of directors	Executive / nonexecutive and independent / not independent	Membership in the board of directors of other public shareholding companies in the kingdom
H.E. Mr. Musa Abdulaziz Mohammad Shihadeh. Chairman of Board of Directors	-	Non-executive and not independent member	Islamic Insurance Company. Petra Investment and Education Company. Al-Amin Investment Company. Arab Metal Pipes Manufacturing Company.
Messrs./ Al Baraka Banking Group (Non-Independent Member)	H.E Mr. Hamad Abdulla Ali Al Oqab, Vice-Chairman	Non-executive and not independent member	None
	H.E Mr. Adnan Abdulla Alsulaiman AL Bassam, member	Non-executive and not independent member	None
	H.E Mr. Hood Hashem Ahmed Hashem, member	Non-executive and not independent member	None
	H.E Mr. Nour "Mohamed Shafer" "Mohamed Lotfy" Mahayeni, member	Non-executive and not independent member	Agricultural Industrial Commercial Company (Production).
H.E Mr. Salem Ahmad Jamil Alkhaza'leh, member	-	Non-executive and independent member	Real Estate Development Co. Arab Union International Insurance Company Arab East for Real Estate Investment. -Arab Union International Insurance Co
H.E Mr. Ayman Abdel Karim Bashir Hatahet, member	-	Non-executive and independent member	Silica International Company. Travertine Company. Islamic Insurance Company.
H.E Mr. Issa Haidar Issa Murad, member	-	Non-executive and independent member	None
H.E. Mrs. Malak F. R. Ghanem, member	-	Non-executive and independent member	None
H.E Dr. Nabeeh Ahmad Salama Al Zinat member	-	Non-executive and independent member	Jordan Petroleum Refinery Co. (Till 30/04/2019)
H.E Mr. Saleh Yacoub Moh'd Hussein, member	-	Non-executive and independent member	None

A new board of directors was elected on 29/04/2019, where H.E. Mr. Adnan Ahmad Youssef Abdel Malek, representative of Al Baraka Banking Group Company and H.E. Hatem Hafez Al Halawani Al Tamimi, quitted the Board

### 3. (A) Names of the executive persons:

Names of the top executive management persons	Position
Dr. Hussein Said Mohammed Saifan	CEO – General Manager as of 01/05/2019
Dr. (Moh'd Fahmi) (Moh'd Khaleel) F. Al Jabari	Assistant General Manager
Dr. Abdel-Hamid Abdalla Ahmad Abu-Saqri	Assistant General Manager
Dr. Musa Omar Mubarak Abu Muhaimed	Assistant General Manager
Mr. Mohammed Ahmed Mohamed Jibril	Assistant General Manager
Mr. Moh'd Fawaz Sudqi Sadeq Imam	Assistant General Manager
Mr. Ali Jamil Allan Hindi	Executive Manager of the Treasury
Dr. Abdullah Attieh Abdullah Attieh	Manager of the Internal Control Department
Mr. Ra'fat I. M. Abu-Afifeh	Manager of the Information Security Department
Mr. Mansour Mahmoud Mohammed Akel	Manager of the External Operations Department
Mr. Amjad Khalil Mahmoud Al Sawalha	Manager of Credit Department
Mr. Khalil Rebhy Khalil Al Baik	Manager of the Shareholders Relations Unit
Dr/ Minwer Atallah Hassan Al Massadeh	Manager of Risks Management Department
Mr. Raed Sobhi Mohamed Atta	Manager of the Central (local) Operations Department
Mr. Samer Ahmed Shehadeh Odeh	Manager of the Internal Control Department
Mr. Musa "Hussein Akram" Mohamed Minawi	Manager of Finance Department
Mr. Ahmed Tawfiq Younis Tawfiq	Manager of the Compliance Department
Dr. Ali Mohamad Ahmad Abu Al Ezz	Manager of Internal Sharia Audit Department, and Secretary of the Sharia supervisory board
Mr. Fadi Ali Shehadeh Abd Alraheem	Secretary of the board of directors
Mr. Mohamad Jabr Hassan Motab	Legal Advisor

### 3. (B) Names of the persons who resigned from executive positions:

Names of the resigned top executive management persons	Position
Mr. Musa Abdulaziz Mohammed Shihadeh	CEO – General Manager till 30/04/2019
Mr. Naeem Mohamed Najm AL-Khamous	Second Deputy General Manager, resigned from the bank in 01/04/2019.

### 4. Officer for Governance Applications Compliance with the Jordan Securities Commission:

Name	Position
Mr. Bassam Ahmad Abdulla Abu Ghazaleh	Manager of the Studies and Social Responsibility and Sustainability Department

**5. (A) Committees of the Board of Directors(1), the number of the Board and Committees' meetings and summary of meetings' attendance as of 29/04/2019:**

Description	Board of Directors	Audit Committee	Risks management Committee	Remuneration and rewards Committee	Social responsibility and Sustainability Committee	Corporate governance Committee	Credit facilities Committee	IT governance Committee	Compliance Control Committee
No of members	11	3	5	5	5	5	5	3	3
No of meetings as of 29/04/2019	6	2	2	2	0	1	6	2	1
Member	No of meetings attended								
Musa Abdulaziz Mohammed Shihadeh	6	Not a member	Not a member	2	0	1	6	Not a member	Not a member
Hamad Abdulla Ali Al Oqab	6	1(3)	Not a member	2	Not a member	0(5)	6	Not a member	Not a member
Adnan Abdulla Alsulaiman Albassam	6	1(4)	2	Not a member	Not a member	Not a member	6	1(6)	1
Hood Hashem Ahmed Hashem	6	Not a member	2	Not a member	Not a member	Not a member	6	2	Not a member
Nour (Moh'd Shaher) (Moh'd Lutfi) Mahayni	6	Not a member	Not a member	Not a member	0	Not a member	6	Not a member	Not a member
Salem Ahmad Jamil Alkhaza'leh	5(2)	Not a member	Not a member	Not a member	Not a member	Not a member	Not a member	2	1
Ayman Abdel Karim Bashir Hahtat	6	Not a member	Not a member	2	0	1	Not a member	Not a member	Not a member
Issa Haider Issa Murad	6	Not a member	Not a member	2	0	1	Not a member	1(7)	Not a member
Malak Fawzi Ragheb Ghanem	6	2	Not a member	2	Not a member	Not a member	Not a member	Not a member	Not a member
Nabih Ahmad Mahmoud (Salameh Alzenat)	6	2	Not a member	Not a member	Not a member	Not a member	Not a member	Not a member	1
Saleh Yacoub Moh'd Hussein	5(2)	Not a member	2	Not a member	Not a member	1	Not a member	Not a member	Not a member
Dr. Hussein Said Moh'd Saifan	Not a member	Not a member	2	Not a member	0	Not a member	Not a member	Not a member	Not a member
Dr. Minwer Atallah Hassan Al Massadeh	Not a member	Not a member	2	Not a member	Not a member	Not a member	Not a member	Not a member	Not a member

(1) A new Board of Directors was elected on 29/04/2019.  
 (2) They apologized to attending the Board meeting on 03/09/2019.  
 (3) Until 25/07/2019.  
 (4) As of 25/07/2019.

(5) As of 25/07/2019.  
 (6) Until 25/07/2019.  
 (7) As of 25/07/2019.

## 6. Committees of the board of directors, and the number of the Board and Committees meetings, and summary of meetings' attendance from 01/01/2019 to 29/04/2019:

Description	Board of Directors	Audit Committee	Risks management Committee	Remuneration and rewards Committee	Social responsibility and Sustainability Committee	Corporate governance Committee	Credit facilities Committee	IT governance Committee	Compliance Control Committee
No of members	11	3	6	3	5	3	5	3	3
No of meetings till 20/04/2019	3	2	2	3	1	1	3	2	1
Member	No of meetings attended								
Adnan Ahmed Yousif AbdulMalek**	2	Not a Member	Not a Member	3	Not a Member	1	3	Not a Member	Not a Member
Dr. Hatem Hafez R. (Halawani Al -Tamimi)	3	Not a Member	Not a Member	Not a Member	Not a Member	1	Not a Member	Not a Member	Not a Member
Hamad Abdulla Ali Al Oqab	3	2	Not a Member	Not a Member	1	Not a Member	3	Not a Member	Not a Member
Adnan Abdulla Alsulaiman Albassam	3	Not a Member	2	Not a Member	Not a Member	Not a Member	3	2	1
Hood Hashem Ahmed Hashem	3	Not a Member	2	Not a Member	Not a Member	Not a Member	3	2	Not a Member
Salem Ahmad Jamil Alkhaza'leh	3	Not a Member	Not a Member	Not a Member	1	1	Not a Member	2	1
Nour (Moh'd Shاهر) (Moh'd Lutfi) Mahayni	3	Not a Member	Not a Member	Not a Member	1	Not a Member	3	Not a Member	Not a Member
Issa Haidar Issa Murad	3	Not a Member	Not a Member	3	1	Not a Member	Not a Member	Not a Member	Not a Member
Malak F. R. Ghanem	3	2	Not a Member	3	Not a Member	Not a Member	Not a Member	Not a Member	Not a Member
Nabih Ahmad Mahmoud (Salameh Alzenat)	3	2	Not a Member	Not a Member	Not a Member	Not a Member	Not a Member	Not a Member	1
Saleh Yacoub Moh'd Hussein	3	Not a Member	2	Not a Member	Not a Member	Not a Member	Not a Member	Not a Member	Not a Member
Musa Abdel-Aziz Mohammad Shihadeh	Not a Member	Not a Member	2	Not a Member	1	Not a Member	Not a Member	Not a Member	Not a Member
Dr. Hussein Said Moh'd Saifan	Not a Member	Not a Member	2	Not a Member	Not a Member	Not a Member	Not a Member	Not a Member	Not a Member
Dr. Minwer Atallah Hassan Al Massadeh	Not a Member	Not a Member	2	Not a Member	Not a Member	Not a Member	Not a Member	Not a Member	Not a Member

\* A new Board of Directors was elected on 29/4/2019.

\*\* Apologize for not attending the Board of Directors meeting on 06/03/2019.

## 6. The chairman and members of the audit committee and a brief about their qualifications and experience:

Chairman and members of the audit committee	Academic qualification	Practical experience
H.E. Mrs. Malak F. R. Ghanem, Committee Chairperson	Master's Degree in Banks and Finance, Italy, 1987. Bachelor's in Accounting, University of Jordan, 1976	Financial consultant at Jordan Securities Commission. Chairperson of the Instructions Preparation Committee of the Islamic finance Sukuk law in Jordan. Former expert in the International Monetary Fund (IMF), training expert, she worked for the Central Bank of Jordan in the position of the Banks Control Department Manager, former Board member of the Islamic Insurance Company.
H.E. Mr. Adnan Abdulla Alsulaiman Albassam Bahraini citizen, Board member Representative of Albaraka Banking Group / Bahrain Non-executive and non-independent member. Board member as of 26/4/2011 Date of birth: 12/10/1968	Bachelor's in accounting from Southern Oregon University, USA, 1994 Certified Public Accountant (CPA), 1999	He worked in the field of accounting and auditing. He is currently a delegated member in Al-Bassam Investment Company. He is a Chairman / board member in many companies. He is also a board member in a number of Albaraka Banking Group banks.
H.E. Mr. Hamad Abdulla Ali Al Oqab** Bahraini citizen, Vice-Chairman of the Board of Directors, dated 29/04/2019, representative of Al Baraka Banking Group / Bahrain. Non-executive and non-independent member. Member of the Board of Directors from the date of 29/04/2007. Date of birth: 01/01/1970.	Bachelor's in Accounting, University of Bahrain, 1993 Certified Public Accountant (CPA), 1996 Certified Global Management Accountant (CGMA), 2012	Various banking experiences in the internal and external auditing, and financial control. He is currently the Senior Vice Chairman and the Financial Manager at Albaraka Banking Group. He is a Board member in many of Albaraka Banking Group Banks, and the chairman of the Accounting and Auditing Standards Board at the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) / Bahrain.
H.E. Dr. Nabih Ahmad Salameh Alzenat Member	PhD, in Economy, Arab Institute of Research and Studies, Cairo, 2002. Program in Investment Assessment and Management, Harvard University, 1988. Master's in Economy, University of Jordan, 1982. Bachelor's in Economy, University of Jordan, 1969.	Former General Manager of Jordanian Investment Corporation, former Chairman of the Board of Arab Potash Company, chairman and board member in many industrial, financial, and service companies, and public institutions.

\* As of 25/07/2019

\*\* Till 25/07/2019

## 7. Chairpersons and committee members of corporate governance, nomination and remunerations, and risks management committees:


Committee	Names of current members
Corporate Governance Committee	H.E. Mr. Ayman Abdel Karim Bashir Hathat (Chairman) H.E. Mr. Musa Abdulaziz Mohammad Shihadeh (Vice Chairman) H.E. Mr. Hamad Abdulla Ali Al-Oqab (Member) * H.E. Mr. Issa Haider Issa Murad (Member) H.E. Mr. Saleh Yaqoub Mohamed Hussein (member)
Nomination and Remunerations Committee	H.E. Mr. Issa Haider Issa Murad (Chairman) H.E. Mr. Ayman Abdel Karim Bashir Hathat (Vice Chairman) H.E. Malik Fawzi Ragheb Ghanem (member) H.E. Mr. Musa Abdulaziz Shihadeh (Member) H.E. Mr. Hamad Abdulla Ali Al-Oqab (Member)
Risks Management Committee	H.E. Mr. Saleh Yacoub Mohamed Hussein (Chairman) H.E. Mr. Adnan Abdullah Al-Suleiman Al-Bassam (Vice Chairman) H.E. Mr. Hood Hashem Ahmed Hashem (member) H.E. Dr. Hussein Said Mohammad Saifan (Member) H.E. Dr. Munawar Atallah Hassan Masadeh (Member)

## 8. Meetings of the audit committee with the external auditor during 2019:

The audit committee of the board of directors met the external and internal auditors and the compliance department officer once during the year, the meeting was not attended by the top executive members.

## 9. Meetings of the Sharia Supervisory Board of The Bank with the board of directors, the audit committee, and the external auditor during 2019:

The audit committee held two meetings with the board of directors, the audit committee of the board, and the external auditor during the year, to discuss issues of mutual concern.



Musa Abdulaziz Shihadeh  
Chairman of the Board of Directors





## **Annex IV** **“Disclosure Requirements in the Instructions of Jordan Securities Commission”**

## Annex IV

### “Disclosure Requirements in the Instructions of Jordan Securities Commission”

1. A. The main activity of the Bank is Islamic Banking.
- B. The statement included at the end of the report indicates the addresses of the Head Office, branches, offices, and the number of employees in each of them.
- C. By the end of 2019, the volume of the Bank’s capital investment (property and equipment, net) reached about JD (93) millions.
2. The table below provides the information related to subsidiaries:

Name of Company	Legal Form	Type of Activity	Paid-in Capital (Million JD)	Percentage of the Bank’s Contribution	Number of employees	Auditing fees (JD)	Address
Al Omariah Schools Co	Limited Liability	Education	16.0	99.4%	852	5510	Al Barakah Quarter, Wasfi Attal St./ Amman
Al Samaha Funding and Investment	Limited Liability	Financing	12.0	100%	32	3000	Al Madina Al Munawarah Street / Amman
Future Applied Computer Technology Co.	Limited Liability	Services	5.0	100%	117	2900	Wasfi Attal St./ Amman
Sanabel ALKhair For Financial Investments Co.	Limited Liability	Brokerage	5.0	100%	12	3770	Housing Bank Complex/ Amman

3. (A) The table below provides the names of the natural current members of the Board of Directors, the representatives of the legal members, and an overview about each of them, showing those nonexecutives and/or not independent:

Name of Board Member	Academic Qualification	Practical Experience
H.E. Mr. Musa Abdel-Aziz Mohammad Shihadeh Jordanian citizen, Date of birth: 12/12/1941 Chairman of the board as of 29/4/2019 Board member Non-executive and non-independent member.	Master’s in Business Administration 1979, University of San Francis Co., / USA Bachelor’s in Commerce, Arab University of Beirut, 1969	He joined the Banking sector in 1961 and worked as a General Manager of Jordan Islamic Bank from 01/11/1982 till 30/04/2019. He is a Chairman and Board member in a number of industrial, trading, investment, educational and insurance shareholding companies, and banks. He is member of economic and social societies, committees, and forums.

Name of Board Member	Academic Qualification	Practical Experience
<p>H.E. Mr. Hamad Abdulla Ali Al Oqab** Bahraini citizen, Vice-Chairman of the Board of Directors, dated 29/04/2019, representative of Al Baraka Banking Group / Bahrain. Non-executive and non-independent member. Member of the Board of Directors from the date of 29/04/2007. Date of birth: 01/01/1970.</p>	<p>Bachelor's in Accounting, University of Bahrain, 1993 Certified Public Accountant (CPA), 1996 Certified Global Management Accountant (CGMA), 2012</p>	<p>Various banking experiences in the internal and external auditing, and financial control. He is currently the Senior Vice Chairman and the Financial Manager at Albaraka Banking Group. He is a Board member in many of Albaraka Banking Group Banks, and the chairman of the Accounting and Auditing Standards Board at the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) / Bahrain.</p>
<p>H.E. Mr. Adnan Abdulla Alsulaiman Albassam Bahraini citizen, Board member Representative of Albaraka Banking Group / Bahrain Non-executive and non-independent member. Board member as of 26/4/2011 Date of birth: 12/10/1968</p>	<p>Bachelor's in Accounting from Southern Oregon University, USA, 1994 Certified Public Accountant (CPA), 1999</p>	<p>He worked in the field of accounting and auditing, He is currently a delegated member in Al-Bassam Investment Company. He is a Chairman / board member in many companies. He is also a board member in a number of Albaraka Banking Group banks.</p>
<p>H.E. Mr. Hood Hashem Ahmed Hashem Bahraini citizen, Board member, Representative of Albaraka Banking Group / Bahrain Non-executive and non-independent member Board member as of 26/4/2011 Date of birth: 15/5/1965</p>	<p>Master's in Business Administration, Britain, 2005 Bachelor's in Computer Science and Engineering, Saudi Arabia, 1989 Certified International Projects Manager (CIPM), 2008 Certified Information Systems Auditor (CISA), 2007</p>	<p>He worked in the field of information technology management and systems analysis. He is currently the consultant for information technology management at Albaraka Banking Group. He is a consultant member of the Information Governance Committee of the Board of Directors of Al Baraka Turk Participation Bank.</p>
<p>H.E. Mr. Nour (Moh'd Shaher) (Moh'd Lutfi) Mahayni Jordanian citizen, Board member Non-executive and independent member Board member as of 26/04/2011 Date of birth: 01/01/1956</p>	<p>Master's of Islamic economy - American Open University, Washington 2016. Bachelor's in Islamic and Arabic Studies, American Open University, Washington 2013 Diploma degree in Accounting, Damascus 1981 Studied in the Faculty of Civil Engineering, Damascus University, 1977</p>	<p>Businessman, CEO, board member, chairman and a board member in more than one company.</p>

Name of Board Member	Academic Qualification	Practical Experience
H.E. Mr. Salem Ahmad Jamil Alkhaza'leh Jordanian citizen, Board member Non-executive and independent member Board member as of 28/4/2015 Date of birth: 1/2/1963	Master's in Philosophy, University of Jordan, 1992 Higher Diploma in philosophy studies, University of Jordan, 1987. Bachelor's in Law, University of Jordan, 1985	Former Minister of Legal Affairs, former Minister of Industry and Trade, former Minister of Public Sector Development, Former President of the audit bureau, in addition of many other positions in the public and private sectors.
H.E. Mr. Ayman Abdel Karim Bashir Hatahet Jordanian national, board member. Non-executive and independent member. Member of the Board of Directors from the date of 29/4/2019. Year of birth: 29/4/1962.	BA in Business Administration - London 1982.	Businessman, chairman and board member / board of directors for several companies, former Minister of Transport and a member of the Senate.
H.E. Mr. Issa Haidar Issa Murad Jordanian Citizen, Board member Non-executive and independent member Board member as of 28/4/2015 Date of birth: 23/6/1964	Bachelor's in Economy, Business Management and Accounting, University of Jordan, 1985.	Member in the Jordanian Senate, President of Amman Chamber of Commerce, member of many economic and social institutions, member of Board of Directors in a number of companies.
H.E. Mrs. Malak F. R. Ghanem, Committee Chairperson Non-executive and non-independent member. Jordanian citizen, Date of birth: 28/10/1954 member of the board as of 28/4/2015	Master's Degree in Banks and Finance, Italy, 1987. Bachelor's in Accounting, University of Jordan, 1976	Financial consultant at Jordan Securities Commission. Chairperson of the Instructions Preparation Committee of the Islamic finance Sukuk law in Jordan. Former expert in the International Monetary Fund (IMF), training expert, she worked for the Central Bank of Jordan in the position of the Banks Control Department Manager, former Board member of the Islamic Insurance Company.
H.E. Dr. Nabih Ahmad Salameh Alzenat Member Jordanian citizen, Non-executive and non-independent member.	PhD, in Economy, Arab Institute of Research and Studies, Cairo, 2002. Program in Investment Assessment and Management, Harvard University, 1988. Master's in Economy, University of Jordan, 1982. Bachelor's in Economy, University of Jordan, 1969.	Former General Manager of Jordanian Investment Corporation, former Chairman of the Board of Arab Potash Company, chairman and board member in many industrial, financial, and service companies, and public institutions.
H.E. Mr. Saleh Yacoub Moh'd Hussein Jordanian Citizen, Board member Non-executive and independent member Board member as of 28/4/2015 Date of birth: 25/6/1949.	Higher Studies Diploma in Finance and Economy, 1977, Sorbonne University, Paris. Diploma degree in finance and economy, Institute of Public Administration, 1977, Paris. Bachelor's in Economy and Statistics, 1970, University of Jordan	Former Deputy Governor of the Central Bank of Jordan, former director of Securities Depository Centre, former advisor at the Jordan Securities Commission and the International Monetary Fund, former board member of the Social Security Corporation, former executive director at the Islamic Development Bank, Jeddah, Chairman and member of the boards of directors in many companies and enterprises.

Names of the Member who Quitted the Board	Academic Qualification	Practical Experience
<p>H.E. Mr. Adnan Ahmed Yousif AbdulMalek Bahraini Citizen, Chairman and Representative of Al-Baraka Banking Group/ Bahrain, Nonexecutive and non-independent member Chairman as of 29/4/2007 Board member as of 28/10/2000 Date of birth: 1/1/1955.</p>	<p>Master's in Business Administration, University of Hull, United Kingdom in 1998</p>	<p>He joined the Banking industry in 1975 in the US Banks. He joined the Arab Banking Corporation (ABC) as a deputy CEO and the Chairman of the Board of Directors. In 2000, he became the Chief Executive Officer of Albaraka Banking Group. In 2002, he was appointed the Chief Executive Officer of Bahrain Islamic Bank. On 1st August 2004, he was reappointed as the Chief Executive Officer of Albaraka Banking Group. He is the chairman and vice-chairman of many banks of Albaraka Banking Group in many countries. He won several awards and honors.</p>
<p>H.E. Dr. Hatem Hafez R. (Halawani Al -Tamimi) Jordanian Citizen, Vice-Chairman till 29/04/2019. Non-executive and independent member Vice - Chairman as of 28/4/2015 Date of birth: 7/2/1948</p>	<p>PhD. in Industrial and Energy Management, University of Stirling, Scotland, 2001 Bachelor's in Mechanical Engineering, Egypt, 1971</p>	<p>Former Minister of Industry, Trade and Supply, Former Minister of Information Technology and Communications, former Minister of Water and Irrigation, Former chairman and board member in some major companies and organizations.</p>

B. Below are the names and positions of the Sharia Supervisory Board and an overview about each of them:

Names of the Member of Sharia Supervisory Board Members	Academic Qualification	Practical Experience
<p>H.E. Prof. Mahmoud Ali Mosleh Al Sartawi Chairman of the Sharia Supervisory Board Chairman since 26/5/2015. Member of the Sharia Supervisory Board since 26/4/2005. Date of birth: 22/9/1943</p>	<p>PhD. in (comparative jurisprudence), Al-Azhar University, 1976, Master's in comparative jurisprudence, Al-Azhar University, 1972. Bachelor's in Islamic Sharia, Al-Azhar University, 1967.</p>	<p>Professor of Comparative Jurisprudence at the world Islamic Sciences and Education University, Former Dean of Faculty of Sharia and Former Professor in the comparative Jurisprudence at University of Jordan, lecturer in many universities, member of the Sharia supervisory board at the Islamic Insurance Company and Jordan Engineers Association, member in many committees, advisor to the authorship of Islamic Education books at the Ministry of Education, he was awarded Al Hussein Medal of First Class in serving Islam.</p>
<p>H.E. Dr. Abdul Rahman Ibrahim Zaid Al Kelani Chairman of the Sharia Supervisory as of 26/5/2015 Sharia Supervisory Board member since 28/4/2015 Date of birth: 14/8/1970.</p>	<p>PhD. in jurisprudence, University of Jordan, 1996. Master's in jurisprudence, University of Jordan, 1993. Bachelor's in jurisprudence, University of Jordan, 1990.</p>	<p>Dean of Islamic Jurisprudence, University of Jordan, expert at the International Islamic Fiqh Academy, member of the central Sharia supervisory board of the Islamic Sukuk, head of Jordan Islamic Scholars League, former member, president, and teacher at many institutions and universities. He has many researches and books.</p>

Names of the Member of Sharia Supervisory Board Members	Academic Qualification	Practical Experience
<p>H.E. Dr. Abd Sattar Abdul Karim Abu Goddeh, Vice-Chairman of Sharia Supervisory Board since 26/5/2015 until 8/5/20196 Member of Sharia Supervisory Board since 27/9/1994 Date of Birth: 28/1/1940</p>	<p>PhD. in Islamic Sharia (comparative jurisprudence), Al-Azhar University, 1975 Master's in Hadith Science, Al-Azhar University, 1967. Master's in Islamic Sharia, Al-Azhar University, 1966 Bachelor's in Law, Damascus University, 1965. Bachelor's in Islamic Law, Damascus University, 1964</p>	<p>Advisor and manager of development and research, and the chairman of the unified Sharia supervisory board of Albaraka Banking Group, member of the International Islamic Fiqh Academy, Jeddah, member of the International Sharia Zakat Board, Sharia Board member at the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). He is an author of many books.</p>
<p>H.E. Dr." Mohammad Khair" Mohammad Salem Al-Issa Sharia Supervisory Board member since 25/4/2012 Date of birth: 8/4/1957.</p>	<p>PhD. in the Holy Quran Interpretation and Science, Omdurman University, 1999. Master's in the Holy Quran Interpretation and Science, University of Jordan, 1990. Bachelor's in Religion Principles, Islamic University in Madinah, 1979</p>	<p>Member of General Iftaa Department in Jordan, former Mufti for the Public Security, former religion preacher and lecturer at the Police Academy, lecturer in many universities, he has many books and researches, former member of the Sharia supervisory board at an Islamic Insurance Company (Albarakah for Takaful).</p>

C. Below are the names and positions of the senior management with executive authorities and an overview of each of them:

Names of the Senior Management Members	Academic Qualification	Practical Experience
<p>Dr. Hussein Said Moh'd "Saifan" CEO/Deputy General Manager as of 1/5/2019 Date of birth: 26/11/1963</p>	<p>PhD, Islamic Banks, 2006 Master's in Banking and Finance Sciences / Islamic Banks, 1994 Bachelor's in Accounting / Economics and Statistics, 1985</p>	<p>He joined the Bank in 1987 and currently holds the position of Deputy General Manager. He is also a Board member in more than one company Member of the Board of Standards for Governance and Ethics in the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), Board Member of the Securities Depository Center and Hajj Fund and a member of the Board of Directors of the Jordanian Endowments Council.</p>

Names of the Senior Management Members	Academic Qualification	Practical Experience
<p>Mr. (Moh'd Fahmi) (Moh'd Khaleel) F. Al Jabari Assistant General Manager Date of birth: 16/10/1964</p>	<p>PhD in Islamic Banks, 2016, Master's in Business Administration, 2011 Bachelor's in Financial and Banking Sciences, 2007 Diploma in Financial and Banking Sciences, 1985 Certified Islamic Public Accountant (CIPA), 2009 Certified Control Systems Auditor (CICA), 2008 Certified Control System (CCS), 2008</p>	<p>He joined the Bank in 1988. He currently holds the position of Internal Auditing Department Executive Manager. He is a Board member in more than one company.</p>
<p>Dr. Abdel-Hamid Abdalla Ahmad Abu-Saqri Assistant General Manager Date of birth: 6/10/1963</p>	<p>PhD, Islamic Banks, 2010 Master's in Islamic Banks, 2001 Bachelor's in Accounting and Economics, 1986 Islamic Certified Public Accountant (CIPA) in 2016. Certified Public Accountant (JCPA), 2005</p>	<p>He started the Banking work in 1988. He joined the Bank in 1992 and currently holds the position of Financial Department Executive Director. He is a Board member in more than one company.</p>
<p>Dr. Musa Omar Mubarak Abu Muhammed. Assistant General Manager Date of Birth: 20/8/1966.</p>	<p>PhD of Islamic Banking in 2008 Master's in Islamic Banking in 1999 Bachelor's in Business Administration in 1988</p>	<p>He joined the Bank in 1990 and resigned in 2005 to rejoin the Bank in 2006. He currently serves as Assistant General Manager and is a board member/ board of directors in more than one company.</p>
<p>Mr. Mohamed Ahmed Mohamed Jibril. Assistant General Manager Date of birth: 20/4/1962.</p>	<p>Bachelor's in Business Administration in 2002. Diploma in programming and systems analysis 1985.</p>	<p>He joined the Bank in 1987 and worked in the Information Technology Group for 18 years, then worked at Al Rajhi Bank. In 2009, he rejoined the Bank and he is currently holding the position of Assistant General Manager. He is a member of the Board of Directors of more than one company.</p>
<p>Mr. "Muhammad Fawaz" Sidqi Sadiq Al-Imam Assistant General Manager Date of birth: 12/15/1962.</p>	<p>Master's in Banking and Finance Business Administration in 2006. Bachelor's degree in Accounting, 1985, USA.</p>	<p>He started his banking business in 1985, joined the Bank in 1995, worked in its for 17 years, then worked for Al Wahda Bank/Libya. In 2012 he returned to the Bank and currently holds the position of Assistant General Manager and he is a member of the board of directors of a company.</p>
<p>Mr. Ali Jamil Allan Hindi. Executive Director. Date of Birth: 14/10/1971.</p>	<p>Master of Financial Management in 2008. Bachelor's in Accounting and Economics in 1993.</p>	<p>He started his banking career in 1994 and joined the Bank in 2005. He is currently the Executive Director of Treasury Department.</p>

Names of the Senior Management Members	Academic Qualification	Practical Experience
<p>Dr. Abdullah Atiyeh Abdullah Atiyeh Date of birth: 21/5/1969</p>	<p>PhD. in Philosophy, Islamic Banking, 2015. Master's in Business Administration, Finance and Banks, 2007. Bachelor's in Banking and Finance, 2005, Diploma in Banking, financial, and Islamic studies, 2002. Diploma in Banking and Finance, 1989. CAMS certificate, 2017 CICS certificate, 2014.</p>	<p>He joined the Bank in 1993. He currently holds the position of Internal Control Department Manager.</p>
<p>Mr. Ra'fat Ismail Mohammad Abu Afifeh Date of birth: 27/6/1979</p>	<p>Master's in Computer Science, 2005 Bachelor's in Computer Science, 2002. ISA Certificate, 2015. CIISA certificate, 2006.</p>	<p>He worked in the Banking sector inside and outside Jordan. He joined the Bank in 2008. He currently holds the position of Information Security Department Manager.</p>
<p>Mr. Mansour Mahmoud Mohammed Akel Date of birth: 10/9/1966</p>	<p>Bachelor's in Accounting, 1999. Diploma in Accounting, 1987. CIB Certificate, 2011.</p>	<p>He joined the Bank in 1989. He currently holds the position of Foreign Operations Department Manager</p>
<p>Mr. Amjad Khalil Mahmoud Al-Sawalha. Date of Birth: 27/8/1968.</p>	<p>Bachelor's in Accounting in 2001. Diploma of Islamic Banking and Financial Studies in 1997. Accounting Diploma in 1988. Certified international lender in Commercial Banks in 2004. Certified Islamic Banking Certificate (CIB) in 2011.</p>	<p>He joined the Bank in 1992 and is currently the Manager of the Credit Department as of 24/5/2018. He is a member of the Board of Directors of a company.</p>
<p>Mr. Khalil Rebhi Khalil Al Baik Date of birth: 15/10/1965</p>	<p>Master in Islamic Banking 2008 Bachelor's in Banking and Finance, 2003. Certified Islamic Public Accountant (CIPA), 2009</p>	<p>He joined the Bank in 1990 and is currently the Manager of the Shareholders Relations Unit.</p>
<p>Dr. Menawar Atta Allah Hassan Al Mossada Date of birth: 10/1/1963</p>	<p>PhD. in Islamic Banks, 2013 Master's in Accounting, 2006 Bachelor's in accounting, 2004 Bachelor's in economics, 1986</p>	<p>He started working in the Banking sector in 1988, he joined the Bank in 2006, he is currently the manager of the Risks Management Department.</p>
<p>Mr. Raed Subhi Mohammad Atta Date of birth: 23/9/1973</p>	<p>Master's in Islamic Banks, 2008 Bachelor's in Accounting, 1995. CIB Certificate, 2010.</p>	<p>He joined the Bank in 1995. He currently holds the position of Central (Local) Operations Department Manager.</p>
<p>Mr. Mousa "Hussein Akram" Mohamed Minawi. Date of birth: 15/1/1974.</p>	<p>Master of Business Administration in 2017. Bachelor's in Accounting 2012. Diploma in accounting of Islamic banks in 2000. Diploma of Accounting in 1995. Certified Islamic Accountant (CIPA) in 2014.</p>	<p>He joined the Bank in 1995 and is currently the Manager of the Finance Department and is a board member in a company.</p>



Names of the Senior Management Members	Academic Qualification	Practical Experience
Mr. Samer Ahmed Shehadeh Odeh. Date of birth: 21/5/1973.	High Diploma in Business Administration in 2006. Bachelor's in Accounting in 1996. Certified Administrative Accountant (CMA) in 2011. Certified Internal Auditor (CIA) in 2009. Certified Islamic Accountant (CIPA) in 2006.	He joined the Bank in 1997 and worked in its branches prior he resigned in 2007 to work as a consultant in several companies. He rejoined the Bank in 2011 and currently he is the Manager of Internal Audit Department.
Mr. Ahmed Tawfiq Younis Tawfiq. Date of birth: 23/12/1981.	Bachelor's in Administrative Sciences and Information Systems 2005 - UK. The International Foundation Year Program (IFY). Anti-Money Laundering (CAMS) 2013.	He started his banking career in 2006 and joined the Bank in 2010. He is currently the Manager of the Compliance Control Department.
Dr. Ali Mohamad Ahmad Abu El Izz Date of birth: 22/10/1979	PhD. In jurisprudence, 2010 Master's in jurisprudence and legal studies, 2006. Bachelor's in jurisprudence, 2001. CIMA Certificate, 2016. Professional executive Master's in Islamic finance, 2015 CIPA certificate, 2013 CIB certificate, 2011. CSAA certificate, 2010	He joined the Bank in 2009. He currently holds the position of the Sharia Internal Auditing Department Manager, and the Secretary of the Sharia Supervisory Board.
Mr. Fadi Ali Shehadeh Abdulrahim Date of birth: 1/6/1978	Diploma of Secretariat and Office Management, 1998	He joined the Bank in 1999. He currently holds the position of the Secretary-General of the Bank's Board of Directors.

D. Below are the names and positions of the resigned senior management with executive authorities and an overview of each of them:

Names of the Senior Management Members	Academic Qualification	Practical Experience
H.E. Mr. Musa Abdel-Aziz Mohammad Shihadeh CEO/ General Manager till 30/04/2019 Date of birth: 12/12/1941	Master's in Business Administration 1979, University of San Francis Co., / USA Bachelor's in Commerce, Arab University of Beirut, 1969	He joined the Banking sector in 1961 and worked as a General Manager of Jordan Islamic Bank from 01/11/1982 till 30/04/2019. He is a Chairman and Board member in a number of industrial, trading, investment, educational and insurance shareholding companies, and banks. He is member of economic and social societies, committees, and forums.
Mr. Naim Mohammad Najim AlKmos Second Deputy General Manager; resigned on 01/04/2019 Date of birth: 27/2/1965	Master's in Business Administration, 2014 Bachelor's in Computer Engineering, 1990	He worked for the Bank for 8 years. Then he worked for Consulting company and Al-Rajhi Bank/KSA. In 2009, he rejoined the Bank and is currently holds the position of Second Deputy General Manager and resigned from the Bank on 01/04/2019. He is board member in more than one company.

D. Below are the names and positions of the resigned senior management with executive authorities and an overview of each of them:

Names of the Senior Management Members	Academic qualification	Practical experience
H.E. Mr. Musa Abdel-Aziz Mohammad Shihadeh CEO/ General Manager till 30/04/2019 Date of birth: 12/12/1941	Master's in Business Administration 1979, University of San Francis Co., / USA Bachelor's in Commerce, Arab University of Beirut, 1969	He joined the Banking sector in 1961 and worked as a General Manager of Jordan Islamic Bank from 01/11/1982 till 30/04/2019. He is a Chairman and Board member in a number of industrial, trading, investment, educational and insurance shareholding companies, and banks. He is member of economic and social societies, committees, and forums.
Naim Mohammad Najim AlKmos Second Deputy General Manager; resigned on 01/04/2019 Date of birth: 27/2/1965 Date of birth: 15/1/1974.	Master's in Business Administration, 2014 Bachelor's in Computer Engineering, 1990	He worked for the Bank for 8 years. Then he worked for Consulting company and Al-Rajhi Bank/KSA. In 2009, he rejoined the Bank and is currently holds the position of Second Deputy General Manager and resigned from the Bank on 01/04/2019. He is board member in more than one company..

E. Profile of the legal counselor of The Bank:

Name	Academic qualification	Practical experience
Mr. Mohammad Jabr Hassan Mite'b Date of birth: 5/2/1967	Bachelor's in Law, 1994	He practiced the attorney profession since 1995. He is a local and international arbitrator. He became the legal advisor of the Bank in 2011.

F. Officer for Governance applications Compliance with the Jordan Securities Commission profile:

Name	Academic qualification	Practical experience
Mr. Bassam Ahmad Abdulla Abu Ghazaleh Date of birth: 12/9/1971	Master's in financial management, 2008. Bachelor's in statistics and computer, 1993	He joined the Bank in 1994, he is currently the manager of the Studies and Social Responsibility and Sustainability Department

4. Following are the names of shareholders holding 1% or more:

Name	Nationality	By the end of 2019					By the end of 2018						
		No. of Shares	Share of capital	Final beneficiary	Mortgaged Shares compared to total shares	Mortgage Party	No. of Shares	Share of capital	Final beneficiary	Mortgaged Shares compared to total shares	Mortgage Party		
Albaraka Banking Group Co., / Bahrain	Bahrain	132,010,000	66.005%	1- Shaikh Saleh Abdulla Kamel. 2- Dallah Albaraka Holding Co. (Shaikh Saleh Abdulla Kamel). 3- Tawfeek Co. for Investment Funds (Shaikh Saleh Abdulla Kamel). 4- Abdulla Abdul Aziz Saleh AlRajhi. 5 - Other shareholders: Emirates NBD. Mohammed Abdul Aziz Ateeq. Barwa Real Estate Company. - Other.	0	-	118,809,000	66.005%	1- Shaikh Saleh Abdulla Kamel. 2- Dallah Albaraka Holding Co. (Shaikh Saleh Abdulla Kamel). 3- Tawfeek Co. for Investment Funds (Shaikh Saleh Abdulla Kamel). 4- Abdulla Abdul Aziz Saleh AlRajhi. 5 - Other shareholders: Emirates NBD. Mohammed Abdul Aziz Ateeq. Barwa Real Estate Company QSC. - Other.	0	-	118,809,000	66.005%
		0	0	0	0	0	0	0	0	0	0	0	
		11,543,153	5.7772%	Itself (related to the government-related).	0	-	9,002,079	5.001%	Itself (government-related).	0	-	0	0
		4,233,315	2.117%	Himself	0	-	3,809,984	2.117%	Himself	0	-	0	0
		2,654,835	1.327%	Himself	0	-	2,389,352	1.327%	Himself	0	-	0	0
Hajj Fund	Jordan	2,536,	1.268%	Itself (related to the government - the Ministry of Awqaf, Islamic Affairs and Holy Sites).	0	-	2,282,919	1.268%	Itself (related to the government - the Ministry of Awqaf, Islamic Affairs and Holy Sites).	0	-	0	0

5. The Bank's market share of the Banks' activities in Jordan at the end of 2018 and 2019 were as follows:

Item	End of 2019	End of 2018
Total Assets at the Bank/ Total Assets of the Banks	9.3%	9.1%
Total Balances of savings schemes at the Bank/ Total client deposits at banks	12.4%	12.0%
Total balances of financing and investment at the Bank/ total direct credit facilities of banks	14.1%	13.6%

6. There is no reliance on certain suppliers and/or major clients (locally and abroad) constituting 10% and more of the total purchases and/or sales or revenues.

7. The Bank does not enjoy any government protection or privileges and it did not obtain any patent or franchise.

8. The Government, international organizations or any other institutions have not issued any decisions with any material impact on the Bank's business, products or competition capacity.

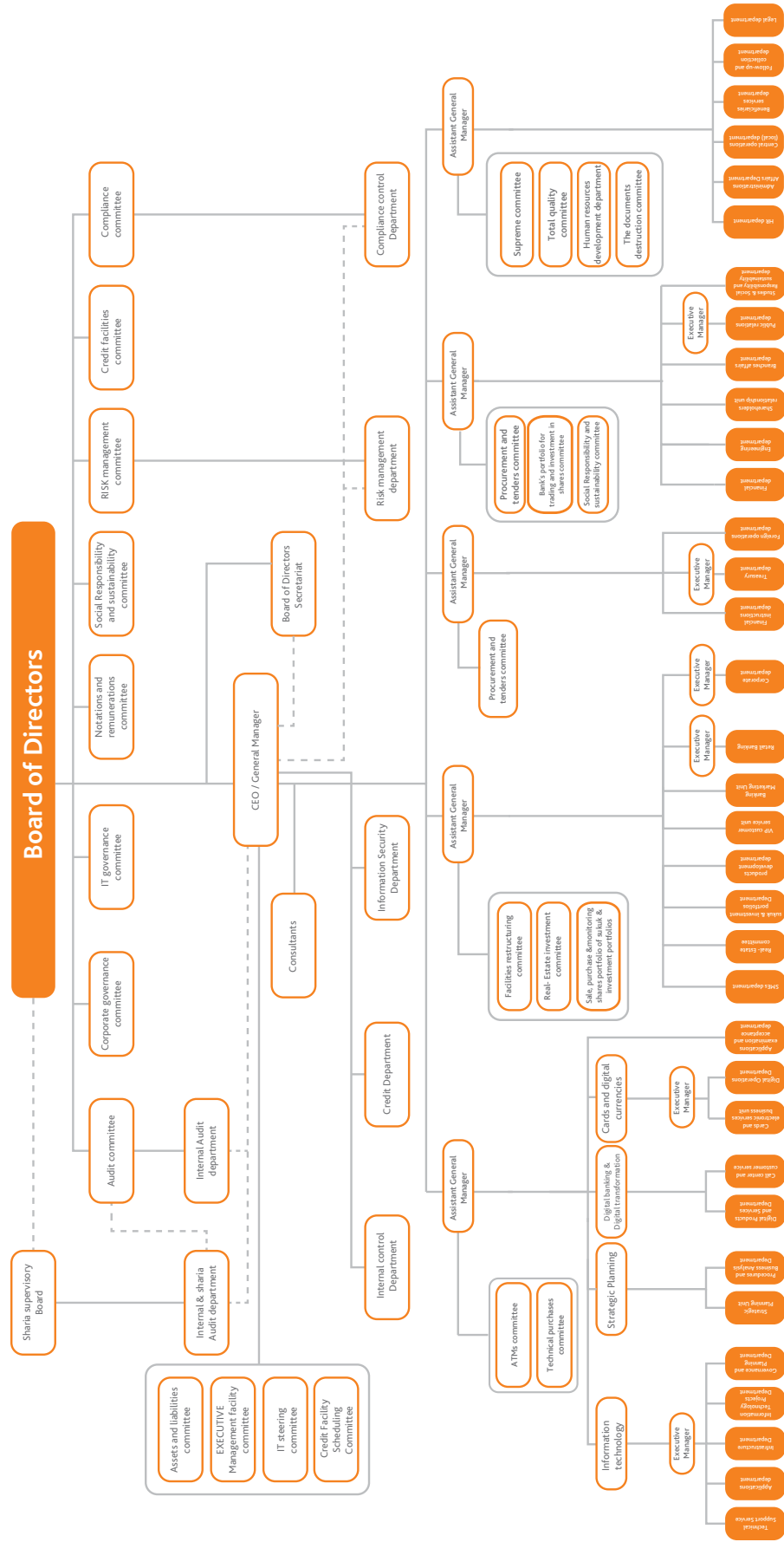
**It is worth mentioning that Jordan Islamic Bank obtained a number of distinguished ratings in 2019 from many international rating agencies including:**

- Standard & Poor's: (B+/stable/B), the same rating of the Kingdom.
- Fitch rating: (BB-/stable/B).
- Capital Intelligence: (B+/Stable/B)
- Islamic International Rating Agency (IIRA): "Stable (BB+/A3" for foreign currencies, "Stable (Stable/A+(jo)/A1(jo)) for local currency at the international scale, and AA (SQR) for Sharia Quality Rating, indicating the Bank's compliance with the Islamic Sharia rules in its transactions as the first and biggest Islamic bank in Jordan observing the application of the Sharia aspects.

**The Bank also obtained many international awards and certificates of appreciation in 2018, notably:**

- An award from Global Finance Magazine - New York
  - The best Islamic Financial Institution – Jordan 2019.
- Three awards from World Finance Magazine - London
  - The best banking group – Jordan 2019.
  - The best Islamic Bank – Jordan 2019.
  - Best Corporate Governance - Jordan 2019.
- Business Leadership and Prestigious Contribution Award in Islamic Finance – on the global level 2019 to the CEO/ General Manager.
- Several awards from the Excellence Awards Academy in the Arab region - Dubai:
  - Excellence in Economic and Social Initiatives in the Economic Programs Category - 2019.
  - Golden Shields for Websites - 2019.
- Award from EMEA Finance Magazine - London:
  - Best Islamic Bank - Jordan 2019.
- An Award from the World Islamic Banking Conference Performance (WIBC) - Bahrain:
  - The best Islamic Bank – Middle East Region 2019.
- Award from Islamic Finance News - Malaysia:
  - Best Islamic Bank - Jordan 2018.
- Several awards from Cambridge IF Anna Latika Foundation - UK:
  - Strongest Islamic bank for retail services - Jordan 2019.
  - Best Innovative Islamic Bank for Retail Services - Jordan 2019.

# Organizational Structure of Jordan Islamic Bank



**The Organizational Structure of Sanabel AlKhair  
For Financial Investments Co. Ltd**



B. By the end of 2019, the total number of employees was (2,440) employees distributed by academic qualification as follows:

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PhD	Master	Bachelor	Diploma	General Secondary Certificate	Below General Secondary Certificate level					Total
					Employees	Professionals/ Technicians	Office boys/ Guards	Service workers	Total	
9	84	1503	321	67	5	117	239	95	456	2440

While the distribution of the subsidiaries employees at the end of 2019 was as follows:

Company	PhD	Master	Higher Diploma	Bachelor	Diploma	General Secondary Certificate	Below General Secondary Certificate	Total
Al Omariah Schools Co. Ltd.	7	74	38	415	83	160	75	852
Al Samaha Funding and Investment Co. Ltd.	0	2	0	22	2	3	3	32
Future Applied Computer Technology Co. Ltd.	0	5	0	97	13	1	1	117
Sanabel ALKhair For Financial Investments Co. Ltd.	0	0	0	7	3	0	2	12

C. The Board's report included qualification and training programs for the Bank staff.

10. The Bank is exposed to some risks due to the nature of its business. Such risks are outlined in note No (61) of 2019 consolidated financial statements.

11. The Board's report included the achievements accomplished by the Bank supported by numbers and a description of the important events of the Bank during the fiscal year 2019.

12. There is no financial effect of operations of non-recurrent nature, which are not part of the Bank's main activity.

13. Below are the details of the realized distributed profits, net shareholders equity as well as the prices of securities during the years 2015-2019:



Year	Realized profits (Before Tax) (JD)	Dividends distributed for the year (JD)	Net shareholders equity at the end of the year (JD)	Prices of issued securities/closing rate at the end of the year	
				JD	Fils
2015	74 685 076	Distributing JD 22,500,000 in cash at 15% of the capital.	311 154 659	3	550
2016	83 747 933	Distributing JD 22,500,000 in cash at 15% of the capital and bonus shares at 20%*	342 719 762	3	860
2017	80 938 755	Distributing JD 27,000,000 in cash at 15% of the capital	374 958 618	3	650
2018	75 404 005	Distributing JD 27,000,000 in cash at 15% of the capital and bonus shares at 11.11%**	393 393 779	2	880
2019	88 554 031	***	421 604 008	2	800

\* Bonus shares were distributed on 5/6/2017.

\*\* Bonus shares were distributed on 26/09/2019.

\*\*\* In realization of the Circular No. 1/1/4693 dated 9/4/2020 issued by the Governor of Jordan Central Bank, all licensed Jordanian banks are approved to defer distributing the shareholders' dividends for the year 2019.

#### 14. Analysis of the Bank's financial position and the results of its operations:

Year	Shareholders Equity/ Deposits	financing & Investment/ Deposits	financing & Investment/ Assets	Deposits/ Assets	Profits before Tax/ Average Assets	Profits before tax/ Average Shareholders' Equity	Profits after Tax/ Average Shareholders' Equity	Profits after Tax/ Average Paid-up Capital
2019	10.86%	85.98%	74.99%	87.22%	2.06%	21.73%	13.34%	28.60%
2018	10.81%	85.67%	74.92%	87.45%	1.80%	19.63%	12.96%	27.67%

15. The Board's report provided the future plan of the Bank.

16. The auditing fees of the Bank in 2019 reached JD (120) thousand, while the auditing fees of subsidiaries are disclosed in item (2) above.

17. (A) Following is a detailed description of the number of securities issued by the company and owned by the Board members and their relatives (wife and minor children):

Name	Position	Nationality	Number of shares at the end of 2019	Number of shares at the end of 2018
H.E. Mr. Musa Abdel-Aziz Mohammad Shihadeh	Chairman	Jordanian	200 000	120 000
Wife of Mr. Musa Abdel-Aziz Mohammad Shihadeh	-	Jordanian	16 666	15 000
Al-Baraka Banking Group Company, represented by:	-	Bahraini	132 010 000	118 809 000
H.E. Mr. Hamad Abdullah Ali Al-Oqab	Vice Chairman	Bahraini	0	0
H.E. Mr. Adnan Abdullah Al-Sulaiman Al-Bassam	member	Bahraini	0	0
H.E. Mr. Hood Hashem Ahmed Hashem	member	Bahraini	0	0
H.E. Mr. Nour (Moh'd Shaher) (Moh'd Lutfi) Mahayni	member	Jordanian	20 000	18 000
H.E. Salem Ahmad Jamil Alkhaza'leh	member	Jordanian	6 666	6 000
H.E. Mr. Ayman Abdel Karim Bashir Hatahet	member	Jordanian	21,536	0
H.E. Mr. Issa Haider Issa Murad	member	Jordanian	22 222	6 000
Wife of Mr. Issa Haider Issa Murad	-	Jordanian	5 746	5 172
H.E. Mr. Malik Fawzi Ragheb Ghanem	member	Jordanian	6 666	6 000
H.E. Dr. Nabih Ahmad Mahmoud (Salameh Alzenat)	member	Jordanian	23 333	15 000
Wife of Dr. Nabih Ahmad Mahmoud (Salameh Alzenat)	-	Jordanian	2 605	2 345
H.E. Mr. Saleh Yacoub Mohamed Hussein	member	Jordanian	5 000	5 000
H.E. Mr. Adnan Ahmed Youssef Abdel Malek *	Chairman	Bahraini	0	0
H.E. Dr. Hatem Hafez Al Halawani Al Tamimi *	Vice Chairman	Jordanian	13 333	12 000

\* Till 29/04/2019

B. (1) Below is a statement for the number of securities issued by the Company and owned by the senior management with executive authority and their relatives “wife and minor children” in details:

Name	Position	Nationality	Number of shares at the end of 2019	Number of shares at the end of 2018
Dr. Hussein Saeed Muhammad Saifan	CEO / General Manager *	Jordanian	0	0
Wife of Dr. Hussein Saeed Muhammad Saifan	-	Jordanian	16,000	14,400
Dr. (Moh’d Fahmi) (Moh’d Khaleel) F. Al Jabari	Assistant General Manager	Jordanian	0	0
Dr. Abdul Hamid Abdullah Ahmed Abu Saqri	Assistant General Manager	Jordanian	0	0
Dr. Musa Omar Mubarak Abu Muhaimid	Assistant General Manager	Jordanian	0	0
Mr. Mohamed Ahmed Mohamed Gabriel	Assistant General Manager	Jordanian	0	0
Mr. Muhammad Fawaz Sidqi Sadiq Al-Imam	Assistant General Manager	Jordanian	0	0
Mr. Ali Jamil Allan Hindi	Treasury Department Executive Director	Jordanian	0	0
Dr. Abdullah Attia Abdullah Attia	Internal Control Department Director	Jordanian	0	0
Mr. Raafat Ismail Muhammad Abu Afifa	Information Security Department Director	Jordanian	0	0
Mr. Mansour Mahmoud Mohamed Aql	External Operations Department Director	Jordanian	0	0
Mr. Amjad Khalil Mahmoud Al Sawalha	Credit Department Director	Jordanian		
Mr. Khalil Ribhi Khalil Al-Beik	Shareholders Relations Unit Director	Jordanian	0	0
Dr. Munawar Atallah Hasan, help	Risk Management Department Director	Jordanian	0	0
Mr. Raed Subhi Muhammad Atta	Central Operations Department (Local) Director	Jordanian	0	0

Name	Position	Nationality	Number of shares at the end of 2019	Number of shares at the end of 2018
Mr. Musa "Hussein Akram" Muhammad Minawi	Financial Department Director	Jordanian	0	0
Mr. Samer Ahmed Shehadeh Odeh	Internal Audit Department Director	Jordanian	0	0
Mr. Ahmed Tawfik Younis Tawfik	Compliance Department Director	Jordanian	0	0
Dr. Ali Mohamed Ahmed Abu Al-Ezz	Internal Sharia Auditing Department Director and Secretary of the Sharia Supervisory Board	Jordanian	0	0
Mr. Fadi Ali Shehada Abdul Rahim	Board Secretary	Jordanian	0	0

\* As of 01/05/2019.

B. (2) The following is a detailed description of the number of securities issued by the company and owned by senior management with executive / resigning authority and their relatives "wife and minor children" in detail:

Name	Position	Nationality	Number of shares at the end of 2019	Number of shares at the end of 2018
H.E. Mr. Musa Abdel-Aziz Mohammad Shihadeh	CEO / General Manager *	Jordanian	200 000	120 000
Wife of Mr. Musa Abdel-Aziz Mohammad Shihadeh	-	Jordanian	16 666	15 000
Mr. Naim Mohamed Najm Al-Khamous	Second Deputy General Manager **	Jordanian	0	0

\* Until the date of 30/4/2019.

\*\* Resigned from the bank as of 1/4/2019.

Below is a statement about the number of securities issued by the Company and owned by the legal counselor and his relatives "wife and minor children" in details:

Name	Nationality	Number of shares at the end of 2019	Number of shares at the end of 2018
Mr. Mohamad Jabr Hassan Mot'ab	Jordanian	0	0

D. There are no companies controlled by the Board members or senior management staff with executive authority and their relatives.

E. The Sharia Supervisory Board members do not hold shares in the Bank.

F. Below are the finances given by the Bank to each member of the Board of Directors and any other transactions made between the Bank and the member or related persons.

Names of the Current Board Members	Direct Financing (JD)	Indirect Financing (JD)
H.E. Mr. Musa Abdulaziz Mohammad Shihadeh	0	0
Al-Baraka Banking Group Company, represented by:	0	0
H.E. Mr. Hamad Abdullah Ali Al-Oqab	0	0
H.E. Mr. Adnan Abdullah Al-Suleiman Al-Bassam	0	0
H.E. Mr. Hood Hashem Ahmed Hashem	0	0
H.E. Mr. Noor "Muhammad Shaher" "Muhammad Lutfi" Mahayni - The Agricultural Industrial Commercial Company - Production / full-time Vice Chairman	7 142 069	3 057 301
H.E. Salem Salem Jameel Al-Khazaleh	0	0
H.E. Mr. Ayman Abdel Karim Bashir Hahtat Jordan Carbonate Company	71 527 248 348	0
H.E. Mr. Issa Haider Issa Murad Isa Murad & Sons Trading Company / Vice Chairman of the Board of Directors	825 331	72 689
Mrs. Malak F. R. Ghanem	14 320	0
Dr. Nabih Ahmad Salameh Alzenat	0	0
Mr. Saleh Yacoub Moh'd Hussein	10 816	0

Names of the Quitting Board Members	Direct Financing (JD)	Indirect Financing (JD)
H.E. Mr. Adnan Ahmed Youssef Abdel Malek	0	0
H.E. Dr. Hatem Hafez Al-Halawani Al-Tamimi	0	0

\* Till 29/4/2019.

18. (A) Bellow are the benefits and remunerations that the Board Chairman and members received as salaries, fees, remunerations...etc., and the amounts paid for each one of them as travel and transportation expenses inside and outside the Kingdom during the fiscal year 2019 in (Jordan Dinars):

Name	Board Membership Remuneration	Board Committees Membership Remuneration	Transportation Allowances	Travel Expenses	Per diem Allowances	Rewards	Total
H.E. Mr. Musa Abdel-Aziz Mohammad Shihadeh*	0	9 000	24 000	0	0	100 000	133 000
Al-Baraka Banking Group Company, represented by:	-	-	-	-	-	-	-
H.E. Mr. Hamad Abdullah Ali Al-Oqab	5 000	15 000	36 000	7 248	5 432	-	68 680
H.E. Mr. Adnan Abdullah Al-Sulaiman Al-Bassam	5 000	19 000	36 000	8 068	5 751	-	73 819
H.E. Mr. Hood Hashem Ahmed Hashem	5 000	17 000	36 000	7 251	5 432	-	70 683
H.E. Mr. Nour (Moh'd Shaher) (Moh'd Lutfi) Mahayni	5 000	10 000	36 000	0	0	-	51 000
H.E. Salem Ahmad Jamil Alkhazaleh	5 000	13 000	36 000	0	0	-	54 000
H.E. Mr. Ayman Abdel Karim Bashir Hatahet*	0	3 000	24 000	0	0	-	27 000
H.E. Mr. Issa Haider Issa Murad	5 000	8 000	36 000	0	0	-	49 000
H.E. Mr. Malik Fawzi Ragheb Ghanem	5 000	9 000	36 000	0	0	-	50 000
H.E. Dr. Nabih Ahmad Mahmoud (Salameh Alzenat)	5 000	6 000	36 000	0	0	-	47 000
H.E. Mr. Saleh Yacoub Mohamed Hussein	5 000	5 000	36 000	0	0	-	46 000
H.E. Mr. Adnan Ahmed Youssef Abdel Malek **	5 000	5 000	12 000	2 356	1 598	-	25 954
H.E. Dr. Hatem Hafez Al Halawani Al Tamimi **	5 000	1 000	12 000	0	0	-	18 000

(B)-1- Below are the benefits and remunerations that the senior management staff, with executive authorities of the bank received as wages, salaries and remunerations...etc and the amounts paid for each as travel and transportation expenses inside and outside Jordan during the fiscal year 2019 (in JD):

Name	Total Salaries	Remunerations	Travel & transportation expenses	Per diem	Board Committees membership remunerations Total	Total
Dr. Hussein Said Mohammad Saifan CEO General Manager *	435 383	147 432	10 805	5 895	4 000	603 515
Dr "Mohamamd Fahmi" "Mohammad Khalil" Fahmi Al-Ja'abari Assistant General Manager	107 822	9 371	0	0	0	117 193
Dr. Abdulhamid Abdullah Ahmad Abu Saqri Assistant General Manager	114 745	9 771	0	0	0	124 516
Dr. Musa Omar Mubarak Abu Muhaimeed Assistant General Manager	107 952	9 371	0	350	0	117 673
Mr. Mohammad Ahmed Mohammed Jebri Assistant General Manager	123 328	11 249	4 130	1 275	0	139 982
Mr. "Mohammad Fawaz" Sudqi Sadiq Imam Assistant General Manager	119 944	10 071	3 246	1 906	0	135 167
Mr. Ali Jamil Allan Hindi Executive Manager of Treasury	41 207	2 100	3 069	2 124	0	48 500
Dr. Abdullah Attieh Abdullah Attieh Manager of the Internal Control Department	33 590	3 500	636	629	0	38 355
Mr. Ra'fat I. M. Abu-Afifeh Manager of the Information Security Department	54 486	3 500	948	1 037	0	59 971
Mr. Mansour Mahmoud Mohammed Akel Manager of the External Operations Department	30 114	3 000	106	0	0	33 220
Mr. Amjad Khalil Mahmoud Al Sawalha Manager of Credit Department	32 677	1 650	99	60	0	34 486
Mr. Khalil Rebhy Khalil Al Baik Manager of the Shareholders Relations Unit	28 373	1 797	0	0	0	30 170
Dr/ Minwer Atallah Hassan Al Massadeh Manager of Risks Management Department	38 726	3 500	0	0	4 000	46 226
Mr./ Raed Sobhi Mohamed Atta Manager of the Central (local) Operations Department	29 441	3 000	106	0	0	32 547
Mr. Mr. Musa "Hussein Akram" Mohamed Minawi Manager of Finance Department	31 906	1 600	0	0	0	33 506
Mr. Samer Ahmed Shehadeh Odeh Manager of the Internal Auditing Department	31 172	1 650	927	1 641	0	35 390
Mr. Ahmed Tawfiq Younis Tawfiq Manager of the Compliance Department	30 773	1 650	475	780	0	33 678
Dr. Ali Mohammad Ahmad Abu Elizz Manager of Internal Sharia Audit Dept.	34 460	3 000	1 817	1 201	0	40 478
Mr. Fadi Ali Shehadeh Abdulrahim Board Secretary	40 114	3 144	217	0	0	43 475

\*As of 1/5/2019, He used a private car from the bank

B-2- Below are the benefits and remunerations that the legal counselor of the bank, received as wages, salaries and remunerations...etc., and the amounts paid as travel and transportation expenses inside and outside Jordan during the fiscal year 2019 (in JD):

Name	Total Salaries	Remunerations	Travel & transportation expenses	Per diem	Board Committees membership remunerations Total	Total
Mr. Musa Abdelaziz Mohammed Shihadeh/ CEO –General Manager *	348 867	Remuneration 810 016 Service pay 1 067 731	3 685	2 347	3 000	2 235 646
Mr. Nai'm Mohammad Najem ALKhmous 2nd Deputy General Manage	100 665	severance pay 1 067 731	3 000	0	0	571 504

\*Until of 30/4/2019, He used a private car from the bank

\*\* Resigned from the bank as of 1/4/2019.\*\*



C. Below are the benefits and remunerations that the legal counselor of the Bank, received as wages, salaries and remunerations...etc., and the amounts paid as travel and transportation expenses inside and outside Jordan during the fiscal year 2019 (in Jordan Dinars):

Name	Total Wages and Fess	Travel and Transportation Expenses	Total
Mr. Mohamed Jabr Hassan Moteb	67,000	1,557	68,577

D. Below are the annual remunerations of the Sharia Supervisory Board chairman and members, and the amounts paid to each of them as travel and transportation expenses inside and outside the Kingdom in 2019 (in Jordan Dinars):

Name	Annual Allocations	Daily Allowances	Travel expenses	Total
H.E Prof. Mahmoud Ali Mosleh Al Sartawi	24 000	0	0	24 000
H.E Prof. Abdul Rahman Ibrahim Zaid Al Kelani	24 000	0	0	24 000
H.E Prof. Abd Sattar Abdul Karim Abu Goddeh	24 000	1 598	2 325	27 923
H.E Dr. "Mohammad Khair" Mohammad Salem Al-Issa	24 000	0	0	24 000

19. The Board's report included a statement of donations and grants paid by the Bank during the fiscal year 2019.

20. Note No; (58) in the Bank's consolidated financial statements shows the contracts, projects and agreements signed by the company with other subsidiaries, sister companies, affiliates, Chairman, Board members, General Manager, or any employee in the company or their relatives.

21. The Board's report included details on the Bank's contribution to protect the environment and local community through its different activities.

### Acknowledgement

The Board of Directors of Jordan Islamic Bank hereby acknowledges that:

- A. There are no substantive issues that might adversely affect the Bank's sustainability during the next fiscal year.
- B. Its responsibility for the preparation of the financial statements and the provision of effective control system in the Bank.

**Board Member**

Albaraka Banking Group Co.

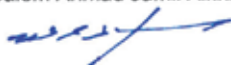
Represented by

Adnan Abdulla Al Sulaiman Al Bassam



**Board Member**

Salem Ahmad Jamil Alkhaza'leh



**Board Member**

Malak Fawzi Ragheb Ghanem



**Vice-Chairman**

Albaraka Banking Group Co.

Represented by

Hamad Abdulla Ali Al Oqab



**Board Member**

Albaraka Banking Group Co.

Represented by

Nour "Mohammad Shafer"  
"Mohammad Lutfi" Mahayni

**Board Member**

Issa Haidar Issa Murad



**Board Member**

Saleh Yacoub Mohammad Hussein



**Chairman**

Musa Abdelaziz Mohammad Shihadeh



**Board Member**

Albaraka Banking Group Co.

Represented by

Hood Hashem Ahmed Hashem

**Board Member**

Ayman Abdul Kareem Basheer Hatahet



**Board Member**

Nabih Ahmad Salameh Alzenat



### Acknowledgement

We, the undersigned, hereby acknowledge the validity, accuracy and completeness of the information and data contained in this annual report.

**Financial Department Manager**

Musa "Hussein Akram"  
Mohammed Minawi



**CEO / General Manager**

Dr. Hussein Said Mohammad Saifan



**Chairman**

Musa Abdelaziz Mohammed Shihadeh





# Report of the Sharia Supervisory Board for the Fiscal Year Ending 31/12/2019



Date: 25 Jumada I, 1441 H

Corresponding to: 20<sup>th</sup> January 2020

**Report of Sharia Supervisory Board**  
**For the fiscal year ending on 31/12/2019 AD**

All Praise be to Allah, Lord of the Worlds, And Prayers and Peace be upon our Prophet Mohammed and his Family and Companions

To: Messrs./ Shareholders of the Jordan Islamic Bank.

Peace be Upon You, so as Allah's Mercy and Blessings,

As per the Banks Law of Jordan No. 28 of the Year 2000 and Law amending it No. 7 of 2019 and the provisions thereof concerning Islamic Bank, and the Bank's Articles of Association, the Sharia Supervisory Board hereby provides the following report:

The Sharia Supervisory Board has audited the principles and the contracts used concerning the transactions and the applications that the Bank made available during the fiscal period ending on 31/12/2019 and conducted the needed supervision to give the opinion thereof as regards the Bank's compliance with the teachings of Islamic Sharia'a, the specific fatwas, decisions, and guidelines that we had issued in order to verify the Bank's compliance therewith.

It is the duty of the management to exercise the Bank's business in accordance with the provisions of Islamic Sharia and to ensure that, our responsibility is limited to giving independent opinion based on our observance of the Bank's operations and to report this to yourselves.

We have done our audit, which consisted of examining the authentication and the procedures applied by the Bank, we examined each type of the transactions through the Internal Sharia Audit Department.

We planned and performed our supervision in order to receive all information and clarifications that we deemed necessary to give us reasonably sufficient evidence that the Bank did not breach the teachings and principles of Islamic Sharia.

In our opinion:

A. Contracts, operations, and transactions of the Bank during the year ending on 31/12/2019 that we reviewed was made in accordance with the teachings and principles of Islamic Sharia



B. Distribution of profit and charging the loss to the Investment Profit Accounts and the Investment Risks Fund and / or allowance for expected credit losses and / or mutual insurance fund is consistent with the fundamentals that we approved in accordance with the teachings and principles of Islamic Sharia.

C. All amounts that the Bank received from sources or in manners that is not consistent with the teachings and principles of Islamic Sharia were excluded from the Bank's review, and they were given to charity.

D. The duty of dispensing Zakat is vested with shareholders, no authorization is given to the bank to dispense it directly, there exist no law for this regard, nor the Articles of Association or the General Assembly decisions provides so, nor there is any authorization given by the shareholders in this regard, therefore, a shareholder shall dispense the Zakat imposed on the shares thereto when the Sharia conditions and requirements for this regard are met, taking into consideration the following:

- Where intention upon share purchase or subscription was trading, Zakat shall be based on the market value of the shares and the dividends distributed.

Where intention upon share purchase or subscription was to receive dividend and not to trade, Zakat is imposed on the distributed dividend, in addition to the Zakat, given that Zakat is (25 Fils / share) Twenty-five Fils per share , for each per share.

In the event the necessary amounts of cash is not available, Zakat or part thereof might be deferred and so it becomes a debt to be settled as soon as the amount of money is available.

The Sharia Supervisory Board would like to thank the Bank's management and staff for giving due attention to the observance of the teachings and principles of Islamic Sharia, for thier good management, and for the good results of the Bank.

Grace be to Allah, the Lord of Worlds

Date: 25 Jamada I, 1441 H

Corresponding to: 20th January, 2020

**Chairman**

Prof. Mahmoud Ali Mosleh Al Sartawi



**Vice-Chairman**

Prof. Prof. Abdul Rahman Ibrahim Zaid Al Kelani



**Board Member**

Prof. Abd Sattar Abd Al Karim Abu Goddeh



**Board Member**

Dr. 'Mohammad Khair' Mohammad Salem Al-Issa







# Auditor's Report



Ernst & Young Jordan  
P.O. Box 1140  
Amman 11118  
Jordan

Tel: 00 962 6580 0777\ 00 962 6552 6111  
Fax: 00 962 6553 8300  
ey.com/jo

**INDEPENDENT AUDITOR'S REPORT**  
**To the Shareholders of Jordan Islamic Bank**  
**Public Shareholding Company**  
**Amman - Jordan**

**Report on the Audit of the Consolidated Financial Statements**

**Opinion**

We have audited the accompanying consolidated financial statements of Jordan Islamic Bank (the "Bank") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows, and consolidated statement of sources and uses of funds of Al Qard Al Hasan fund for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with Islamic Shari'a rules and principles as determined by the Shari'a Supervisory Board of the Bank and in accordance with Financial Accounting Standards as issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

**Basis for Opinion**

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





**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements 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. For each matter below, our description of how our audit addressed the matter provided in that context.

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

<p><b>Expected credit loss of receivables and financing</b> (Deferred sales receivables, Ijarah Muntahia Bittamleek receivables, Al Qard Al Hasan and other receivables), balances and investment accounts at banks and financial institutions and financial assets at amortized cost.</p> <p>Disclosures related to the expected credit loss of receivables and financing (Deferred sales receivables, Ijarah Muntahia Bittamleek receivables, Al Qard Al Hasan and other receivables), balances and investment accounts at banks and financial institutions and financial assets at amortized cost are detailed in notes (5), (6), (7), (9), (12) and (15) of the consolidated financial statements.</p>	
<p>The expected credit loss of customer receivables and financing (Deferred sales receivables, Ijarah Muntahia Bittamleek receivables, Al Qard Al Hasan and other receivables), balances and investment accounts at banks and financial institutions and financial assets at amortized cost is one of the most significant matters which affect the results of the Bank’s business; Due to the significance of the judgments used in classifying receivables and financing into various stages stipulated in IFRS 9 and determining related provision requirements, this audit area is considered a key audit risk.</p>	<p>Our audit procedures included the assessment of controls over the granting, booking and monitoring processes of receivables and financing, and measuring the expected credit loss including consideration of Central Bank of Jordan (CBJ) requirements, to validate the operating effectiveness of the key controls in place, which identify the expected credit loss of receivables, financing and financial assets at amortized cost and the required expected credit loss against them. As part of the control testing procedures, we assessed whether the key controls in the above processes were designed, implemented and operated effectively.</p>



The Bank appropriates 10% of net revenues from jointly financed financing, which is then transferred to the investment risk fund in accordance with Central Bank of Jordan regulations.

Judgment is applied on the inputs of impairment measurement process including the customer's risk of default, valuation of collaterals and the determination of the default date, and accordingly calculating the expected credit loss starting from the date thereof.

In addition, we performed procedures to evaluate the following:

- Appropriateness of the bank's staging.
- Appropriateness of determining Exposure at Default, including the consideration of repayments in the cash flows and the resultant arithmetical calculations
- Appropriateness of the PD, EAD, LGD and EIR used for different exposures at different stages.
- Appropriateness and objectivity of the internal rating.
- Soundness and mathematical integrity of the ECL Model.
- For exposures moved between stages, we have checked the appropriateness of the Bank's determination of significant increase in credit risk and the resultant basis for classification of exposures into various stages. We also checked the timely identification of exposures with a significant deterioration in credit quality.
- For exposures determined to be individually impaired we re-performed the ECL calculation we also obtained an understanding of the latest developments in the counterparty's situation of the latest developments in estimate of future cash flows, current financial position any rescheduling or restructuring agreements.

We inspected legal agreements and supporting documentation to confirm the existence and legal right to collateral.

We assessed collateral valuation techniques against the group's valuation guidelines.

We have recalculated the amounts transferred to the investment risks fund in accordance with Central Bank of Jordan regulations.

We also assessed whether the consolidated financial statement disclosures appropriately reflect the requirements of the Accounting and Auditing Organization for Islamic Financial Institutions (AAIOFI).



**Other information included in the Group's 2019 annual report.**

Other information consists of the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2019 annual report is expected to be made available to us after the date of the auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do 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 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Islamic Shari'a rules and principles as determined by the Shari'a Supervisory Board of the Bank and in accordance with the Financial Accounting Standards as issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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



### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Financial Accounting Standards as issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), will always detect a material misstatement when it exist. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Financial Accounting Standards as issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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



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

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

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

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

#### **Report on Other Legal and Regulatory Requirements**

The Group maintains proper books of accounts which are in agreement with the consolidated financial statements

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

Amman – Jordan  
6 February 2020

The logo for Ernst &amp; Young, featuring the company name in a stylized, cursive blue font.





# Consolidated Financial Statements 31 December 2019



**Jordan Islamic Bank**  
**Public Shareholding Company**

Amman – Jordan

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Statement (A): Consolidated Statement of Financial Position As at 31 December, 2019

Description	Notes	31 December 2019	31 December 2018
		JD	JD
<b>Assets</b>			
Cash and balances with central bank	4	906,069,815	876,086,318
Balances at banks and financial institutions	5	69,991,662	93,915,490
Investment accounts at banks and financial institutions	6	17,681,535	17,642,298
Deferred sales receivables and other receivables –net	7	2,252,319,691	2,053,781,286
Ijarah Muntahia Bittamleek assets – net	8	629,600,753	605,801,762
Financing – net	9	31,874,382	32,703,789
Financial assets at fair value through owner’s equity – self financed	10	12,042,273	10,692,694
Financial assets at fair value through joint investment accounts holders’ equity	11	36,923,829	36,594,760
Financial assets at amortized cost	12	199,360,095	191,673,379
Investments in associates	13	8,211,186	8,355,201
Investments in real estate	14	111,190,169	107,340,284
Al Qard Al Hasan – net	15	16,356,549	11,725,757
Property and equipment – net	16	93,102,868	83,311,212
Intangible assets	18	2,536,389	2,299,136
Right of use assets	2	14,279,403	-
Other assets	19	47,631,549	28,718,844
<b>Total Assets</b>		<b>4,449,172,148</b>	<b>4,160,642,210</b>
<b>Liabilities, Joint Investment Accounts Holders’ Equity, Non-Controlling interests and Owner’s Equity</b>			
<b>Liabilites</b>			
<b>Liabilities</b>			
Banks and financial institutions’ accounts	20	4,670,837	8,241,356
Customers’ current and on demand accounts	21	1,204,999,670	1,076,008,070
Cash margins	22	46,510,226	45,210,218
Accounts payable	23	462,318	400,227
Other provisions	24	13,549,609	13,987,106
Income tax provision	25A	29,999,703	22,459,373
Deferred tax liabilities	26B	1,370,697	843,026
Lease obligations	2	13,777,285	-
Other liabilities	27	27,984,067	25,206,770
<b>Total Liabilities</b>		<b>1,343,324,412</b>	<b>1,192,356,146</b>

The accompanying notes from (1) to (70) represent an integral part of these consolidated financial statements and should be read with them.

Description	Notes	31 December 2019	31 December 2018
		JD	JD
<b>Joint Investment Accounts Holders' Equity</b>			
Unrestricted investment accounts	28A	2,624,431,578	2,508,970,280
Investment accounts holders' reserve in subsidiaries and associates	28B	16,765,391	18,144,902
Fair value reserve – net	29A	6,625,649	7,111,635
Provision for contingent liabilities	29E	760,429	1,042,517
Deferred tax liabilities	26A	4,060,883	4,358,744
<b>Total Joint Investment Accounts Holders' Equity</b>		<b>2,652,643,930</b>	<b>2,539,628,078</b>
Non-controlling interests	28B	132,814	153,866
<b>Total joint investment accounts holders' equity and non-controlling interest</b>		<b>2,652,776,744</b>	<b>2,539,781,944</b>
Provision for future expected investment risks	30B	30,016,131	-
Investment risk fund	30B	-	31,654,580
Provision for income tax on investment risk fund	30A	1,450,853	3,455,761
<b>Equity</b>			
<b>Owner's equity</b>			
Paid-in capital	31	200,000,000	180,000,000
Statutory reserve	32	92,879,300	84,018,397
Voluntary reserve	32	37,093,762	38,234,085
Fair value reserve	29B	2,236,401	1,375,464
Retained earnings	33	89,394,545	89,765,833
<b>Total Owner's Equity – Bank's shareholders</b>		<b>421,604,008</b>	<b>393,393,779</b>
<b>Total Liabilities, Joint Investment Accounts Holders' Equity, Non-Controlling Interests and Owner's Equity</b>		<b>4,449,172,148</b>	<b>4,160,642,210</b>
<b>Accounts Managed for Others:</b>			
Restricted investments	55	43,558,349	35,574,317
Al Wakala Bi Al Istithmar (Investments portfolio)	56	415,969,375	358,148,482
Al Wakala Bi Al Istithmar	57	61,431,719	63,215,370

The accompanying notes from (1) to (70) represent an integral part of these consolidated financial statements and should be read with them.

Statement (B): Consolidated Income statement For the Year Ended December 31, 2019

Description	Notes	31 December 2019	31 December 2018
		JD	JD
Deferred sales revenues	34	139,995,864	138,792,646
Financing revenues	35	545,759	442,805
Gain from financial assets at fair value through joint investment accounts holders' equity	36	776,629	918,795
Gain from financial assets at amortized cost	37	8,138,703	3,740,043
Dividends from subsidiaries and associates	38	1,904,452	1,252,026
Revenues from Investments In Real Estate	39	953,271	1,511,676
Revenues from Ijarah Muntahia Bittamleek assets	40	42,249,023	43,075,593
Revenues from other investments	41	2,167,442	2,024,904
Revenues from joint investment accounts		196,731,143	191,758,488
Net income of subsidiaries	42	1,312,539	2,038,994
Share of profit from investments in associates		639,634	602,678
Total revenues from joint investment accounts		198,683,316	194,400,160
Deposits gurantee fees – Joint Investment accounts	2	(2,793,987)	-
Share of unrestricted investment account holders'	43	(52,486,088)	(51,628,569)
Share of investment accounts holders' from income of subsidiaries		(1,308,556)	(2,034,088)
Share of non-controlling interests from income of subsidiaries		(3,983)	(4,906)
Share of profit from investments in associates		(639,634)	(602,678)
Share of investment risk fund	30A	(6,468,523)	(19,175,849)
Bank's share of the joint investment accounts revenues as Mudarib and Rab AL - Mal	44	134,982,545	120,954,070
Bank's self-financed revenues	45	31,223	25,964
Bank's share of restricted investments revenues as Mudarib	46	367,744	222,187
Bank's share of restricted investments revenues as Wakeel	46	5,455,357	3,276,373
Banking services revenues	47	20,293,179	19,097,286
Foreign currency gain	48	2,078,802	1,567,093
Other income	49	2,292,091	1,907,853
Gross income		165,500,941	147,050,826
Employees expenses	50	(41,437,917)	(40,818,032)
Depreciation and amortization	17	(8,842,934)	(7,453,939)
Other expenses	51	(24,770,466)	(22,549,850)
Provision for expected credit loss –self		(1,177,862)	(300,000)
Other provisions	52	(717,731)	(525,000)
Total Expenses		(76,946,910)	(71,646,821)
Profit before income tax		88,554,031	75,404,005
Income tax	25B	(34,204,739)	(25,596,078)
Profit after income tax		54,349,292	49,807,927
<b>Basic Earnings per Share for the Year</b>	<b>53</b>	<b>JD/Fils</b>	<b>JD/Fils</b>
		<b>0/272</b>	<b>0/249</b>

The accompanying notes from (1) to (70) represent an integral part of these consolidated financial statements and should be read with them.

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

Description	31 December 2019	31 December 2018
	JD	JD
Profit after income tax	54,349,292	49,807,927
Other comprehensive income items, net after tax:		
Change in fair value reserve of financial assets – net	860,937	167,342
<b>Total other comprehensive income for the year</b>	<b>55,210,229</b>	<b>49,975,269</b>

The accompanying notes from (1) to (70) represent an integral part of these consolidated financial statements and should be read with them.

Statement (D): Consolidated Statement of Changes in Owner's Equity For the Year Ended 31 December, 2019

For the year ended 31 December 2019	Paid-in capital		Statutory reserve	Voluntary reserve	Fair value reserve*	Retained earnings**	Total
	JD	JD					
Balance at 1 January 2019	180,000,000	84,018,397	38,234,085	1,375,464	89,765,833	393,393,779	
Profit after income tax	-	-	-	-	54,349,292	54,349,292	
Change in fair value reserve	-	-	-	860,937	-	860,937	
Total comprehensive income for the year after tax	-	-	-	860,937	54,349,292	55,210,229	
Income in capital***	20,000,000	-	(10,000,000)	-	(10,000,000)	-	
Transferred to (from) reserves	-	8,860,903	8,859,677	-	(17,720,580)	-	
Distributed dividends***	-	-	-	-	(27,000,000)	(27,000,000)	
<b>Balance at 31 December 2019</b>	<b>200,000,000</b>	<b>92,879,300</b>	<b>37,093,762</b>	<b>2,236,401</b>	<b>89,394,545</b>	<b>421,604,008</b>	

\* The fair value reserve balance of JD 2,236,401 as at 31 December 2019 is restricted from use.

\*\* An amount of JD 1,000,000 from retained earnings, which was transferred from general banking risk reserve, is restricted from use without prior approval from the Central Bank of Jordan

\*\*\* The General Assembly approved on 29 April 2019 the distribution of cash dividends to shareholders at a rate of 15% from the paid in capital of JD 180 million/ share, amounted to JD 27 million and approved the distribution of share dividends with an amount of JD 20 million/ share through the distribution of 10 million from the retained earnings and 10 million from the voluntary reserve.

The accompanying notes from (1) to (70) represent an integral part of these consolidated financial statements and should be read with them.

For the year ended 31 December 2018	Paid-in capital		Statutory reserve	Voluntary reserve	General banking risk reserve*	Fair value reserve**	Retained earnings		Total
	JD	JD					JD	JD	
Balance at 1 January 2018	180,000,000	76,471,380	30,701,752	1,000,000	1,208,122	85,577,364	374,958,618		
Effect of IFRS (9) adoption	-	-	-	-	-	(4,540,108)	(4,540,108)		
Transfer from General Banking Risk Reserve	-	-	-	(1,000,000)	-	1,000,000	-		
Balance after IFRS (9) adoption	180,000,000	76,471,380	30,701,752	-	1,208,122	82,037,256	370,418,510		
Profit for the year after tax	-	-	-	-	-	49,807,927	49,807,927		
Change in fair value reserve	-	-	-	-	167,342	-	167,342		
Total comprehensive income for the year after tax	-	-	-	-	167,342	49,807,927	49,975,269		
Increase in capital	-	-	-	-	-	-	-		
Transferred to (from) reserves	-	7,547,017	7,532,333	-	-	(15,079,350)	-		
Distributed dividends***	-	-	-	-	-	(27,000,000)	(27,000,000)		
<b>Balance at 31 December 2018</b>	<b>180,000,000</b>	<b>84,018,397</b>	<b>38,234,085</b>	<b>-</b>	<b>1,375,464</b>	<b>89,765,833</b>	<b>393,393,779</b>		

\* The Central Bank of Jordan issued regulations No. (13/2018) dated 6 June 2018. In which it requested the transfer of the general banking reserve balance (calculated in accordance with the central bank of Jordan regulations) to the retained earnings to offset the effect of IFRS 9 in the opening balance of the retained earnings as of 1 January 2018. The regulation also instructs that the balance of general banking risk reserve should be restricted and may not be distributed as dividend to the shareholders or used for any other purposes without prior approval from the Central Bank of Jordan amounting to JD 1,000,000.

\*\* The fair value reserve balance of JD 1,375,464 as at 31 December 2018 is restricted from use.

\*\*\* The General Assembly approved on 26 April 2018 the distribution of cash dividends at a rate of 15% from the paid in capital of JD 180 Million/ share capital amounted to JD 27 million from the retained earnings.

The accompanying notes from (1) to (70) represent an integral part of these consolidated financial statements and should be read with them.

## Statement (E): Consolidated Statement of Cash Flows For the Year Ended December 31, 2019

Description	Notes	31 December 2019	31 December 2018
		ID	ID
<b>Cash flows from Operating Activities</b>			
Profit before tax		88,554,031	75,404,005
Adjustments to non-cash items:			
Depreciation and amortization	17	8,842,934	7,453,939
Cost of lease obligation	2	748,158	-
Investment risk fund		(1,224,458)	15,065,409
Employees' vacation provision	52	100,000	150,000
Employees' end of services provision	52	617,731	300,000
Provision expected credit loss- self		1,177,862	300,000
Provisions for contingent liabilities and litigations		-	75,000
Gain on sale of property and equipment		(4,175)	(6,348)
Effect of exchange rate fluctuations on cash and cash equivalents		(1,488,856)	(858,242)
Profit before change in assets and liabilities		97,323,227	97,883,763
Change in assets and liabilities			
Decrease in investment accounts at banks and financial institutions maturing after 3 months		-	4,254,000
Increase in deferred sales receivables and other receivables		(202,673,198)	(48,730,268)
Decrease (increase) in financing		757,958	(2,216,591)
Increase in Ijarah Muntahia Bittamleek Assets		(23,798,991)	(14,957,327)
Increase in Al Qard Al Hasan		(5,833,722)	(782,959)
(Increase) decrease in other assets		(3,665,832)	538,098
Increase (decrease) in customers' current and on demand accounts		128,991,600	(51,708,997)
Increase (decrease) in accounts payable		62,091	(412,772)
Increase (decrease) in cash margins		1,300,008	(2,696,759)
Increase in other liabilities		2,777,297	5,837,099
Net change in assets and liabilities		(102,082,789)	(110,876,476)
Net cash flows used in operating activities before income tax and other payments		(4,759,562)	(12,992,713)
Income tax paid	25	(26,664,409)	(26,897,671)
End of service provision	24	(1,067,731)	-
Payment of lease liabilities and financing cost	2	(2,103,263)	-
Net cash flows used in operating activities		(34,594,965)	(39,890,384)
<b>Cash flows from Investing Activities</b>			
Proceeds from sale of financial assets at fair value through owner's equity - self		101,566	400,000
Purchase of financial assets at fair value through owner's equity - self		(57,423)	(204,029)
Proceeds from sale of financial assets at fair value through joint investment accounts holders' equity		42,859	2,562,815
Purchase of financial assets at fair value through joint investment account holders' equity		(4,156,866)	(3,433,805)
Purchase of financial assets at amortized cost - net		(39,636,701)	(122,226,436)
Proceeds from sale of financial assets at amortized cost - net		32,999,880	7,129,224
Proceeds from sale of real estate investments		57,812	734,633
Purchase of real estate investments		(788,875)	33,376
Purchase of repossessed assets		(15,840,367)	(7,584,138)
Proceeds from sale of repossessed assets		229,886	1,076,846
Proceeds from sale of property and equipment		99,566	7,724
Purchase of property and equipment		(16,190,413)	(11,986,236)
Purchase of intangible assets		(1,175,023)	(1,502,383)
Net cash flows used in investing activities		(44,314,099)	(134,992,409)
<b>Cash flows from Financing Activities</b>			
Increase (decrease) in unrestricted investment accounts holders' equity		114,052,715	(24,904,434)
Distributed dividends		(27,000,000)	(27,000,000)
Net cash flow from (used in) financing activities		87,052,715	(51,904,434)
Net increase (decrease) in cash and cash equivalents		8,143,651	(26,787,227)
Effect of exchange rate on cash and cash equivalents		1,488,856	858,242
Cash and cash equivalents at the beginning of the year	54	961,850,558	1,187,779,543
Cash and cash equivalents at the end of the year	54	971,483,065	961,850,558

The accompanying notes from (1) to (70) represent an integral part of these consolidated financial statements and should be read with them.

Statement (F): Consolidated Statement of Sources and Uses of Al Qard Al Hasan Fund  
For the Year Ended December 31, 2019

Description	31 December 2019	31 December 2018
	JD	JD
Balance at the beginning of the year	14,280,494	13,497,535
Sources of the Fund:		
Sources the Bank is authorized to use	(12,717,686)	(11,367,227)
Sources outside the Bank	(1,822,430)	(2,255,054)
Total sources of the fund's assets for the year	(14,540,116)	(13,622,281)
Uses of the Fund:		
Education	1,897,157	2,561,155
Medical treatment	862,210	858,680
Marriage	624,780	621,980
Overdraft accounts	14,515,380	7,948,562
Social advances for the Bank's employees	2,474,311	2,414,863
Total uses for the year	20,373,838	14,405,240
Balance at the end of year	20,114,216	14,280,494
Less: Provision for expected credit loss – self	(3,757,667)	(2,554,737)
<b>Balance at the end of year – net</b>	<b>16,356,549</b>	<b>11,725,757</b>





# Notes to the Consolidated Financial Statements

## 1. General Information

- Jordan Islamic Bank ("the Bank") was established as a Jordanian public shareholding company on 28 November 1978 pursuant to the provisions of the companies law No. (12) of 1964. Head office is located in Amman.
- The Bank offers banking, financial, and investment services in compliance with the rules and principles of the Islamic Shari'a through its head office, 80 branches and 28 banking offices in the Kingdom as well as its subsidiaries. The Bank's transactions are governed by the applicable Bank's Law.
- The General Assembly decided in its extraordinary meeting held on 29 April 2019, to increase its capital by JD 20,000,000 by capitalizing JD 10,000,000 from the retained earnings account and JD 10,000,000 from the voluntary reserve account to reach an authorized paid in capital of JD 200,000,000.
- Jordan Islamic Bank shares are listed on the Amman Stock Exchange – Jordan.
- The consolidated financial statements were authorized for issue by the Bank's Board of Directors in their meeting No. (1) held on 6 February 2020 and it is subject to the approval of the General Assembly and the Central Bank of Jordan.
- The Bank's Shari'a Supervisory Board reviewed the consolidated financial statements on its meeting No. (1/2020) held on 20 January 2020 and issued their annual report thereon.
- According to the Bank's articles of association and in compliance with the principles and rules of the Islamic Shari'a and the general Banks' Laws, the Bank has appointed the Shari'a Supervisory Board which constitutes of four members according to the shareholder's General Assembly decision. The opinion of Shari'a Supervisory Board shall be binding to the Bank, and it is responsible for monitoring the Bank's activities and operations in terms of compliance with Shari'a principles and is responsible for furnishing a Shari'a opinion on the format of contracts necessary to undertake the Bank's activities, and issue an annual report for the shareholder's General Assembly.

## 2. Significant Accounting Policies

### Basis of preparation of the financial statements:

- The accompanying consolidated financial statements of the Bank and its subsidiaries financed from the Bank's funds and the joint investment funds have been prepared in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), and in conformity with applicable laws and regulations of the Central Bank of Jordan. And in the absence of Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions relating to financial statements items, the International Financial Reporting Standards and related interpretations are applied in conformity with the Shari'a standards, pending the promulgation of Islamic Standards therefor.
- The consolidated financial statements are prepared on the historical cost basis except for the financial assets at the fair value through owner's equity, the financial assets at the fair value through the joint investment account holders' equity, financial assets at amortized cost and investment in real estate.
- The consolidated financial statements are presented in Jordanian Dinars (JD) which is the functional currency of the Bank.
- A distinction should be made between owner's equity and joint investment accounts holders'.
- The term unrestricted investment accounts, wherever mentioned, refers to joint investment accounts.

**Basis of consolidation of the financial statements:**

- The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries financed from the Bank's funds and the joint investment funds and subject to the Bank's control. Control exists when the Bank has power to govern the financial and operational policies of subsidiaries in order to obtain benefit from their activities. All intra-company transactions, balances, revenues and expenses are eliminated.
- The financial statements of subsidiaries are prepared for the same reporting period as the Bank, using consistent accounting policies.
- The results of subsidiaries operations are consolidated in the consolidated income statement from the acquisition date, being the date the Bank obtains control over subsidiaries. The results of operations for disposed subsidiaries shall be consolidated within the consolidated income statement until the date of disposal, which is the same date on which the Bank's loses control over subsidiaries.
- The non-controlling interests represent the portion not owned by the Bank or by the unrestricted investment accounts of the subsidiaries owner's equity.
- Investments in subsidiaries are accounted for at cost when the Bank issues separate financial statements.
- The Bank has the following subsidiaries as at 31 December 2019:

Company name	Paid-in capital	Bank's ownership percentage	Nature of business	Country of incorporation	Acquisition date
	JD				
Al Omariah Schools Company Ltd.	16,000,000	99.4%	Education	Amman	1987
Al Samaha Financing and Investment Company Ltd.	12,000,000	100%	Financing	Amman	1998
Future Applied Computer Technology Company Ltd.	5,000,000	100%	Services	Amman	1998
Sanabel Al-Khair for Financial Investments Company Ltd.	5,000,000	100%	Brokerage	Amman	2005

## Changes in accounting policies

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Bank's consolidated financial statements for the year ended 31 December 2018, except for the adoption of the following new standards effective as of 1 January 2019:

### International Financial reporting standards number (16) "leases"

- The Group has implemented International Financial Reporting Standard No. (16) in a modified application method retroactively on the date of application on 1 January 2019, and accordingly the consolidated financial statements for the previous year was not modified. The Group decided to use the practical transfer method that allows the standard to be applied only for contracts which previously identified as lease contracts. The Group also decided to use exemptions related to the recognition of lease contracts of 12 months or less, as at the date of application, which do not contain a purchase option ("short-term lease contracts") and lease contracts in which the leased asset is of low value ("low value assets").
- The Group has applied International Financial Reporting Standard No. (16) in compliance with the Central Bank of Jordan regulations. The Accounting Standard for Islamic Financial Institutions No. (32) "Lease Contracts" has been issued recently effective from 1 January 2020 with the ability of early adoption and the impact of the standard will be studied later, the management believes there is no major difference between the two standards.
- The effect of adoption IFRS 16 is as follows:
  - Effects on the consolidated statement of financial position (increase/(decrease)) as at 1 January 2019:

Description	1 January 2019
	JD
Assets	
Right of use assets	13,482,026
Prepaid rent	(751,091)
Liabilities	
Lease obligations	12,730,935
<b>Total equity</b>	<b>-</b>

#### A. Nature of the effect of adoption of IFRS 16

- The Group has lease contracts for various offices. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as an operating lease. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under other current assets and other current liabilities, respectively.
- Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases contracts, except for short-term leases contracts and leases contracts of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

#### Leases contracts previously accounted for as operating leases

The Group recognized right-of-use assets and lease obligations for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. In some leases, the right-of-use assets were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The bank has also used the available practical solutions according to the standard so that :

- Use a single discount rate (finance costs) for any group of lease contracts that have similar characteristics.
- The bank relies on its previous evaluation prior to the date of application and related to lease contracts that will result in a loss.
- The bank used short-term lease exemptions for short-term contracts that expire within 12 months from the date of application.
- The bank excludes the initial direct costs when measuring the asset use right at the date of application.
- The bank used subsequent information when determining the term of the lease for contracts that contain options for extending or terminating the lease.

#### B. Amounts recognized at Balance sheet and Income statement

Set out below, are the carrying amounts of the Bank's right-of-use assets and lease obligations and the movements during the year ended 31 December 2019:

Description	Right of use assets	Lease obligations
	JD	JD
As at 1 January 2019	13,482,026	12,730,935
Additions	2,524,494	2,524,494
Depreciation	(1,727,117)	-
Lease obligations	-	797,251
Payments	-	(2,275,395)
<b>As at 31 December 2019</b>	<b>14,279,403</b>	<b>13,777,285</b>

The Impact on the income statement (increase/(decrease)) for the year ended 31 December 2019 is as follows:

Description	2019
	JD
Rent expense	(2,033,134)
Depreciation	1,601,798
Lease obligation costs	748,158
Profit for the year	316,822
<b>Net income of subsidiaries</b>	<b>(54,683)</b>

The Impact on the consolidated statement of cash flows (increase/(decrease)) for the year ended 31 December 2019 is as follows:

Description	2019
	JD
Operating lease payments	1,601,798
Lease obligation	748,158
<b>Net cash flows from operating activities</b>	<b>2,349,956</b>
Payment of lease liability	(1,284,977)
Payment of lease obligation costs	(748,158)
<b>Net cash flows used in financing activities</b>	<b>(2,033,135)</b>

### Amendments to IAS 28: Murabaha and other Deferred Payment Sales

The Group has adopted FAS 28 which is effective on the financial statements on or after 1 January 2019. This standard prescribes the accounting and reporting principles and requirements for Murabaha and deferred payment sales transactions and different elements of such transaction. This standard supersedes the earlier FAS 2 "Murabaha and Murabaha to the Purchase Orderer" and FAS 20 "Deferred Payment Sale". This standard has been applied on a prospective basis for transaction executed on or after the effective date. The standard did not have any significant impact on the consolidated financial statements.

### Segment Information:

- Business segment represents a group of assets and operations of the Bank that are engaged together in providing products or services that are subject to risks and rewards different from those related to other business sectors, and are measured in accordance with the reports used by the General Manager and operating decision maker of the Bank.
- Geographical segments are associated to products and services in a specific economic environment subject to risks and rewards different from those sectors operating in other economic environments.

**Basis of distributing joint investments profit between owner's equity, unrestricted investment accounts holders', restricted investments accounts holders' and Al-Wakala Bi Al Istithmar accounts holders' (Investment portfolio):**

- On 1 April 2019, article number (55) of the banks law was cancelled in accordance to the law amending banking law Number (28) for the year of 2000, accordingly the bank stopped providing for the investment risk fund starting 1 May 2019, maintaining the surplus of the fund as a provision for facing future expected investment risks continue from for the assets or the assets that are financed by joint investment account according to the CBJ instructions Number (10/1/9173) dated 27 June 2019 and Number (10/1/14348) dated 15 October 2019.
- The Bank share as Mudarib was 45% for Jordanian dinar and 50% for foreign currency from total joint investment profit. Starting from 1 May 2019 the bank share as mudarib was amended to be 50% for Jordanian dinars and 55% for foreign currency from total joint investment profit as result to the suspension the deduction from the investment risk fund (2018: 45% for Jordanian Dinar, 50% for foreign currency).
- The remaining balance is distributed between the unrestricted investment accounts and the Bank's invested funds, each according to its percentage of contribution, taking into consideration that the priority for funds investment relates to the unrestricted investment accounts holders'.
- The bank waived a portion of its share as Mudarib and/or Rab Mal to improve the overall share of profits distributed to all of the joint investment accounts holders with an amount of JD 370,000 and some of the joint investment accounts holders with an amount of JD 2,402,699 based on tiers (segments) in accordance with the Central Bank instructions Number (10/1/9173) dated of 27 June 2019.
- The joint investment accounts share in the investment profits, which are distributed to all investors each by its percentage of participation and conditions of the account agreement signed between the Bank and the investor.
- Joint investment accounts participate in the profit as follows:
  - 40% of the annual average balance of saving accounts.
  - 70% of the annual average balance of notice accounts.
  - 90% of the minimum balance of term deposit accounts.
- The Bank bears all administrative expenses except for the insurance expense of Ijarah Muntahia Bittamleek assets which are allocated to the joint investment accounts profit.
- The bank fees as an agent (wakeel) was deducted at a rate of 1.5% of the Al Wakala Bi Al Istithmar account's Capital (Investment Portfolio) as at 30 June 2019. The bank waived an amount of JD 826,769 which represent a portion of its share as an agent (Wakeel) and it's share of the increase in net profit over 3.5% after deducting the income tax on the agreed distributed dividends.
- The bank fees as an agent (wakeel) was deducted at a rate of 1.5% of the Al Wakala Bi Al Istithmar account's Capital (Investment Portfolio) on 31 December 2019. The bank waived a portion of its share as agent (Wakeel) with an amount of JD 778,858.
- Profit was distributed to Al Wakala Bi Al Istithmar (Investment Portfolio) accounts holders' after deducting the Bank's fees as an agent (wakeel).
- Restricted investment accounts are managed through Mudaraba contracts.

- Bank's share as Mudarib was deducted at a rate ranging between 7.7% - 25% of restricted investment accounts in Jordanian Dinars profit and at a rate of 45% of restricted investment accounts' in foreign currencies profit. Additionally, general profit rate distributed to restricted investment accounts in Jordanian Dinars was 2% and foreign currencies restricted investments accounts was between 1% - 1.25% as at 31 December 2019 (2018: 2% and 0.9% respectively).
- Profit was distributed after deducting the Bank's share as Mudarib on the restricted investment accounts each according to its contribution percentage.

#### Shari'a non-compliant revenues, gains, expenses and losses:

- The Bank recognize these amounts in a separate account within the other liabilities and shall be distributed to charitable activities as determined by the Shari'a Supervisory Board.

#### Zakah:

- The responsibility of Zakah payment rests on the shareholders, unrestricted and restricted investment accounts holders' and participants in Al Wakala Bi Al Istithmar (Investments Portfolio) upon the fulfilment of Zakah required conditions.

#### Deferred sales receivables:

##### 1. Murabaha Contracts:

**Murabaha:** is selling a commodity for the same purchase price plus an agreed predetermined profit margin computed based on a percentage of the price or fixed amount, and it represent one of Boy'ou Amanah types that depends on disclosing the purchase price or cost.

**Murabaha to the purchase orderer:** is the transaction whereby the Bank sells a commodity to its customer (purchase orderer) with a markup on its purchase price (or cost) after identifying that increment (Murabaha profit). It's also called Banking Murabaha.

- The Bank applies the commitment to the promise principle in Murabaha to the purchase orderers contracts in accordance with the standards issued by Accounting and Auditing Organization for Islamic Financial Institutions.
- Deferred sales profit (by which the buyer will pay a lump sum price that matures at a future date or instalments paid at various subsequent dates) is recognized through the proportional allocation of this profit to the future financial periods until the maturity date of the contract, regardless whether the payment is settled or not.
- Deferred sales receivables are recognized when the transaction takes place at its face value, and are measured at the end of the financial period on the basis of the net realizable expected cash value, which is the amounts owed by customers at the end of the financial period less expected credit loss.

##### 2. Istisna'a contracts:

**Istisna'a:** is a sale contract between Al-Mustasni' (the buyer) and Al-Sani' (the seller) whereby Al-Sani' based on the order of Al-Mustasni' under takes to have manufactured or otherwise acquire a prescribed commodity (Al- Masnoo') upon delivery in return for an agreed upon price and method of settlement, whether at the time of contracting, by instalments or deferred to specific future time. It's a condition that Al- Sani' provide the material and/or labor of Al - Masnoo'.



**Parallel Istisna'a:** is conducting two separate contracts, one with the customer in which the Bank represents Al-Sani' and the other with Al-Sani' (contractor) in which the Bank represent Al- Mustasni'. Profit is achieved through the price difference in the two contracts, in most cases one contract is immediately effective (with Al-Sani') and the second is deferred (with the customer).

- Istisna'a costs include direct and indirect costs of the Istisna'a activities that can be allocated on objective basis for certain contracts. General and administrative expenses, marketing expenses, and research and development costs shall not be included in Istisna'a costs.
- Istisna'a costs incurred during the financial period, as well as pre-contract costs shall be recognized in Istisna'a in progress account in (Istisna'a) or in Istisna'a cost account (in Parallel Istisna'a).
- In cases where Al-Mustasni' (the buyer) fails to settle the agreed upon price in full and agree to make repayment through instalments during the execution of the contract or after the completion of the contract, deferred profit shall be recognized and offset against Istisna'a receivables balance in the Bank's statement of financial position. This treatment shall be applied whether the percentage of completion method or completed contract method is used in recognising Istisna'a revenues. Deferred profit recognized shall be allocated over the future financial periods whereby each financial period shall carry its portion of profit irrespective of whether cash is received or not.
- Istisna'a contracts are presented in the total amounts paid by the Bank since contract inception, while parallel Istisna'a contracts are presented in the net contractual value. impairment provision is calculated as expected credit loss with forward looking characteristics in relation to obligors and financial environment.
- Any additional costs paid by the Bank in Parallel Istisna'a as a result of breaching the contractual obligations are recognized as losses in the consolidated income statement and shall not be recognized in the calculation of the Istisna'a costs account.
- In case the bank retains Al- Masnoo', the asset is measured at the lower of expected realizable cash value or cost. Any difference between these values shall be recognized in consolidated income statement for period in which it was occurred.

**Assets available for deferred sale:**

- This item represent assets acquired by the Bank for the purpose of selling these assets on a deferred basis (instalments). This type of selling assets is also called instalment-bargain sale to distinguish it from Murabaha to the purchase orderer.
- At contract inception, the assets available for deferred sale shall be recognized and measured at cost (purchase price and any direct expenses related to acquisition of the assets).
- Assets available for deferred sales shall be revaluated at fair value at the end of the financial period, the change in the value, if any shall be measured as the difference between the book value and the fair value. Unrealized profits (losses) shall be recognized in the fair value reserve account.
- Profits of the deferred sales shall be recognized on an accrual basis and proportionally allocated over the period of the contract. Profits related to future financial periods shall be recognized in deferred sales profit account.
- Deferred sales receivables shall be recognized at contract inception and measured at their face value (contracted value).

### **Musharaka financing:**

- It is the provision of funds by the Bank and customer equally or differently in order to set up a new project or participate in an existing one, whereby each of them would own a share in the capital either on a fixed or diminishing basis and would be entitled to its share of the gains. Losses are divided proportionate to the partner's share in capital, whereby it would be inappropriate to stipulate otherwise, Musharaka is divided into fixed or diminishing Musharaka muntahia b tamleek.
- The Bank's share in Musharaka capital is recorded upon delivery to the managing partner or when it is deposited in Musharaka account, as it is measured at the cash paid value or at fair value if in-kind. If a difference results from the evaluation of the in-kind item between fair value and book value, it is recognized as a profit (loss) in the statement of income.
- The capital in the diminishing Musharaka is measured at the end of the financial year at the historical value less the historical value of the share sold at the agreed upon fair value, and the difference between both values is recorded as a profit or loss in the statement of income.
- The Bank's share of the gains or (losses) of Musharaka financing which arises or expires during the financial year is recorded after settlement. In the event that Musharaka continues for more than a financial year, the Bank's share of the profits is recorded upon their realization by accounting for them, in whole or any part thereof, between the Bank and the partner in the financial year in which the profits occur to the extent of the distributed profits. Moreover, losses for a financial year are recorded in that year to the extent of the losses by which the Bank's share in the Musharaka capital is reduced.
- An Additional provision of expected credit losses for Deferred Sale Receivable and Other Receivables in case there is an indication of a significant increase in credit risk.
- At the end of the financial year, the financing assets are recorded at cost or at cash value expected to be realized, whichever is lower, and the difference is recorded as a financing impairment provision.
- The deferred sales receivables and funding financed from the joint investment accounts are written off in case efforts relating to their collection are not successful against the Investment Risks Fund (except for what has been granted / financed and then written off of the deferred sales receivables and finances in the same year whereby they are recorded in the statement of income within investment income). Any amounts collected from the previously written-off receivables and finances are added to the Investment Risks Fund, except for what has been recorded in the statement of income within investment income. Moreover, deferred sales receivables and funding financed from the Bank's own funds for which an impairment provision is taken are written off, if the related collection procedures are not successful, and deducted from the impairment provision. Any surplus in the total impairment provision is transferred to the statement of income, and any amounts of the previously written-off receivables and finances collected are added to income.

### **Financial assets at fair value through profit or loss:**

- Financial assets at fair value through profit or loss, are those purchased with the intent to resell in the near future to generate gains as a result of changes in market prices of such investments.

- They are initially recognized at the fair value of consideration given (transaction costs are recorded in the consolidated income statement) and subsequently re-measured at fair value. All realized and unrealized gains or losses are transferred to the consolidated income statement including any gains or losses resulting from the translation of such assets held in foreign currencies to the functional currency.
- Profits realized and dividends received are recorded in the consolidated income statement.

**Financial assets at fair value through owner's equity– self financed:**

- These assets represent investments in equity instruments funded by the Bank's self funds in order to hold them in the long term.
- These assets are initially recognized at fair value plus acquisition expenses, and subsequently measured at fair value. The change in fair value is presented in the fair value reserve within owner's equity.
- Gains and losses resulting from the sale of these assets is recognized within the retained earnings in accordance with Central Bank of Jordan regulations.
- Any impairment loss in the value of these assets shall be recognized within the consolidated income statement.
- Impairment losses previously recognized in the consolidated income statement can be retrieved if it is objectively evidenced that the increase in the fair value occurred in the period subsequent to the recording of impairment losses through the fair value reserve within the shareholders' equity.
- Gains derived from these financial assets is recognized within the consolidated income statement at the date of distribution.
- Gains and losses resulting from foreign currency translation differences for these assets are recognized within the fair value reserve.
- Financial assets which fair value cannot be determined reliably are stated at cost, and tested for impairment at the end of each financial period and any impairment is recognized in the consolidated income statement, and cannot be retrieved in subsequent periods.

**Financial assets at fair value through joint investment account holders' equity:**

- These assets represent investments in equity instruments and funded by joint investments accounts in order to hold them in the long term.
- These assets are initially recognized at fair value plus acquisition expenses, and subsequently measured at fair value. The change in fair value is presented in the fair value reserve within joint investment account holders' equity.
- Gains and losses resulting from the sale of these assets and impairment losses is recognized within the consolidated income statement including amounts previously recognized in joint investments accounts holders' equity.
- The impairment losses previously recognized in the consolidated income statement can be retrieved if it is objectively evidenced that the increase in the fair value occurred in the period subsequent to the recording of impairment losses through the fair value reserve within the joint investment accounts.
- Gains derived from these financial assets is recognized within the consolidated income statement at the date of distribution.

- Gains and losses resulting from foreign currency translation differences for these assets are recognized within the fair value reserve.
- Financial assets which fair value cannot be determined reliably are stated at cost, and tested for impairment at the end of each financial period and any impairment is recognized in the consolidated income statement, and cannot be retrieved in subsequent periods.

#### **Financial assets at amortized cost:**

- This item represent financial assets invested based on contractual cash flows and is not held for trading or recognized as financial assets at fair value through income statement. Cash flows constituting of variable or constant return on the outstanding principal amount and profit.
- These instruments are initially measured at cost plus acquisition expenses.
- These assets are measured using the effective profit method at the end of financial period. All gains and losses arising from amortization process are recognized in the consolidated income statement.
- Financial assets at amortized cost book value are reduced by the expected credit loss and are recognized within the consolidated income statement (in case the investment is self-financed) and within investment risk fund revenues (in case the investment is jointly financed).

#### **Investments in associates:**

- An associate is an entity in which the Bank has significant influence over its financial and operating policies and is not controlled by the Bank, where the Bank hold a rate between 20% to 50% of the voting rights.
- The Bank's investment in associates is accounted for using the equity method of accounting.
- In case of preparing the Bank's separate financial statements, the investment in associates is presented at fair value.

#### **Ijarah and Ijarah Muntahia Bittamleek:**

**Ijarah is the transfer of ownership of the right to benefit of using an asset for a consideration and is divided into:**

- **Operating Ijarah:** is Ijarah contract that do not end up with the transfer of ownership of leased assets to the lessee.
- **Ijarah Muntahia Bittamleek:** is Ijarah contract that end up with the transfer of ownership of the leased assets to the lessee and might take more than one form in accordance with the Financial Accounting Standard issued by the Accounting and Auditing Organization for Islamic Financial Institutions.
- Assets acquired for Ijarah shall be recognized upon acquisition at historical cost including all expenditures necessary to bring the asset to its intended use. Leased assets are depreciated according to the depreciation policy used by the Bank.
- When the recoverable amount from assets acquired for Ijarah is lower than its carrying amount, the assets are written down to its recoverable amount, and an impairment is recognized in the consolidated income statement.
- Ijarah revenues shall be allocated proportionately to the financial periods of the Ijarah contract.
- Maintenance expenses incurred in relation to the leased assets are recognized when incurred.

#### **Investments in real estate:**

- This item represent a property held to earn periodical income or for capital appreciation or both.
- Investments in real estate held for use shall be recognized either at cost model or at fair value model.
- Investments in real estate “held for use” are recorded at cost in accordance with the cost model less the accumulated depreciation and any impairment provision. Fair value is measured for investments in real estate “held for use” under fair value model, any unrealized gains arising from the change in the fair value of investment in real estate shall be recognized in the fair value reserve.
- Any unrealized losses resulting from the revaluation of the fair value of investments in real estate carried using fair value model shall be recognized in the fair value reserve, to the extent of the available balance of this reserve. In case such losses exceed the available balance, the unrealized losses shall be recognized in the consolidated income statement.
- In cases where unrealized losses has been recognized in previous financial periods and unrealized gains were achieved during subsequent periods, unrealized gains shall be recognized in the consolidated income statement to the extent of previously recognized losses in the consolidated income statement, any surplus shall be recognized in the fair value reserve.

#### **Reposessed assets by the Bank against debts**

- It’s the assets that was reposessed by the bank against debts with no intentions to own it by the bank, Also the bank has no intention to hold the reposessed assets in order to earn income or for capital appreciation.
- Reposessed items appears in the balance sheet items in order assets items.

#### **Deposit insurance corporations law**

- On 1 April 2019, an amendment was issued for the Deposit Insurance Corporations law to include Islamic banks to the Jordan Depository insurance company’s laws and regulations, the amendment specified that the contribution fees related to the bank’s self-deposits (Credit accounts and it’s equivalent and the Bank’s share of the unrestricted investment accounts) shall be borne by the Bank-self and contribution fees related to the joint investment accounts are borne by the investors – joint accounts.

#### **IFRS 9 Financial Instruments**

- The Bank has adopted IFRS (9) (2014) Financial Instruments on the required effective date 1st January 2018, the date on which the Bank has assessed the requirements of the new expected credit loss impairment model, hedge accounting, and the revised guidance on the classification and measurement requirements of financial instruments. The Bank had previously implemented the first phase of IFRS (9) (classification and measurement) as issued during 2009, The date of initial implementation of the first phase of IFRS (9) was 1 January 2011, by implementing the Islamic Accounting Standard No.(25) – Investments in Sukuk, Shares and Similar Instruments.
- In conformity with Central Bank of Jordan regulation No. (13/ 2018) dated 6 June 2018 regarding the application of IFRS (9) for Islamic Banks, the expected credit loss is to be applied. The remaining aspects are subject to the requirements of Islamic Accounting Standard No. (25) until the issuance of the Islamic Accounting Standard No. (30) and No. (33).

**Provision for future expected investment risks**

- The bank deducts 10% from the joint investment accounts net profit and it was transferred to investment risk fund in accordance to banking law no 55 until 30 April 2019 only, the deduction was suspended according to law amending banking law no 28 for the year 2000 starting from 1 May 2019 which states the suspension of the article 55 from the original law.
- Referring to central bank circular no (10/1/9173) dated on 27 June 2019 and no (10/1/14348) dated on 15 October 2019 the investment risk fund balance was distributed to required provisions as at 30 April 2019. And the prior year's losses retrieved will be recorded to joint investment accounts (before distributing the share of Mudarib and Rab Mal)
- The investment risk fund surplus was held as a provision for future expected investment risks.
- When an additional provision is needed the additional provision will be charged against the assets financed by the joint investment accounts on the joint investment profit and on the consolidated income statement if the assets were self financed by the Bank. it shall be by the financial assets from joint investment accounts, and on income statements if the asset was Bank-self shares.

**Fair value of financial assets:**

- Closing prices (purchasing assets/ selling liabilities) on the date of consolidated financial statements in active markets represents the fair value of quoted financial instruments. In the absence of quoted prices or when there is no active market, fair value is normally based on comparison with the current market value of a highly similar financial instruments.
- When the fair value of an investment cannot be reliably measured, it is stated at cost after the writing down any impairment.

**Fair value of non-financial assets measured at fair value:**

- Market prices represent the fair value for non-financial assets at the date of consolidated financial statements (when active markets of such assets are available). In cases where market prices are not available, they are assessed by taking average value of three assessments of experienced and certified parties.

**Depreciation:****A. Depreciation of assets available for investment**

- Assets available for investment shall be depreciated in accordance with the Bank's adopted policy for the investment in these assets. These assets shall be depreciated over its useful life using straight-line basis.

**B. Property and Equipment**

- Property and equipment are measured at cost less accumulated depreciation and any impairment. Depreciation is calculated (except for lands) using the straight-line method over their estimated useful lives when property and equipment are ready for use

Item	Depreciation rate
Buildings	2%
Equipment, furniture and fixtures	5%-20%
Vehicles	15%
Computers	35%

- The useful lives of property and equipment are reviewed annually. If expected useful lives vary from the estimated ones; the change in estimate is adjusted prospectively.
- The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.
- If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount, and the impairment is recorded in the consolidated income statement.

**Intangible assets:**

- Intangible assets are classified based on the assessment of their useful lives to definite and indefinite. Intangible assets with definite lives are amortized over the useful economic life, and amortization is recognized in the consolidated income statement, while intangible assets with indefinite useful lives are assessed for impairment at the date of consolidated financial statements and any impairment in their value is recorded in the consolidated income statement.
- Intangible assets arising from the Bank’s operations are not capitalized and are recorded in the consolidated income statement for the same year.
- Any indications of impairment of intangible assets are reviewed at the date of consolidated financial statements; in addition, the useful lives of these assets are reviewed annually. If expected useful lives vary from the estimated ones; the change in estimate is adjusted prospectively.

Item	Amortization rate
Software	50%

**Provisions:**

- Provisions are recognized when the Bank has a present obligation (legal or constructive) at the date of the consolidated financial statements arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

**1. End of service indemnity provision**

End of service indemnity provision shall be calculated pursuant to the provisions of the labor law and the Bank’s bylaws.

**2. Employees’ vacation provision**

Employees’ vacation provision shall be calculated pursuant to the Bank’s bylaws, and shall be calculated in accordance with the accrual basis.

### **Income tax**

- Tax expense comprises current taxes and deferred taxes.
- Current tax is calculated based on taxable profits, which may differ from accounting profits published in the consolidated financial statements. Accounting profits may include non-taxable profits or non-deductible expenses which may be exempted in the subsequent financial years.
- Taxes are calculated on the basis of the tax rates according to the prevailing laws, regulations and instructions of the Hashemite Kingdom of Jordan.
- Deferred tax is the amounts expected to be paid or received as a result of temporary timing differences at the consolidated financial statements date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on laws that have been enacted or substantially enacted at the reporting date.
- The carrying values of deferred income tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

### **Costs of issuing or purchasing the Bank's Stocks:**

- Any costs resulting from issuing or purchasing the Bank's stocks shall be charged to the retained earnings (on a net basis after the tax effect of these costs, if any). If the issuance or purchasing is not completed, these costs shall be recorded as expenses in the consolidated income statement.

### **Accounts managed for customers:**

- This item represent the accounts managed by the Bank on behalf of its customers and shall not be recognized as part of the Bank's assets. Charges and commissions of managing these accounts shall be recognized in the consolidated income statement.

### **Offsetting:**

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

### **Revenues and expenses recognition:**

- Revenues and expenses are recognized based on accrual basis except for revenue on non-performing deferred sales and non-performing facilities which transferred to the revenue in suspense account and not recognized within the consolidated income statement.
- The commissions shall be recognized as revenues when service is rendered, and the dividends of companies' stocks shall be recognized upon realization (approved by the General Assembly of Shareholders).

### **Timing of financial assets recognition:**

- Sale or purchase of financial assets is recognized at the trade date (the date that the Bank commits to purchase or sell the asset).



#### Foreign Currencies:

- Transactions in foreign currencies during the year shall be recorded at the prevailing exchange rate at the date of the transaction (Al Taqabud).
- Monetary assets and liabilities in foreign currencies are translated to the functional currencies at the rates of exchange prevailing at the consolidated statement of financial position date as published by the Central Bank of Jordan.
- Non-monetary assets and liabilities in foreign currencies carried at fair value are translated at the date in which the fair value was determined.
- Any gains or losses are recognized within the consolidated income statement.
- Translation gains or losses on non-monetary items carried at fair value (such as shares) are recognized within the fair value reserve.

#### Cash and cash equivalents:

- Cash and cash equivalents consists of cash and balances with central banks and balances at banks and financial institutions with a maturity of three months, net of due to banks and financial institutions that matures within three months and restricted balances.

### 3. Use of estimates

- The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions as well as fair value changes reported in shareholders' equity and unrestricted account holders' equity. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ as a result of changes in conditions and circumstances of those estimates in the future.
- We believe that our estimates in consolidated financial statements are reasonable and detailed as follows:
  - Impairment provision of deferred sales receivables and financing: in determining impairment of financial assets, judgment is required in the estimation of the amount and timing of future cash flows as well as an assessment of whether the credit risk on the financial assets has increased significantly since initial recognition and incorporation of forward looking information in the measurement of ECL. The inputs assumptions and techniques for ECL calculation is disclosed in note (61).
- Income tax provision: the fiscal year is charged with its related income tax according to the laws and accounting standards. Also, the deferred tax assets and liabilities as well as the required tax provision are estimated and recorded.
- Management periodically reevaluates the financial assets carried at cost in order to assess any impairment. Impairment on financial assets is allocated in accordance to the financing party.

- Fair value measurement: The standard requires determination and disclosure of 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 IFRSs. The difference between level (2) and level (3) of the fair value measurements, i.e., assessing whether the inputs are observable and whether the unobservable inputs are significant. This may require judgement and careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability.
- Useful lives of tangible and intangible assets: Management estimates the useful lives of tangible and intangible assets upon initial recognition.
- Management periodically re-assesses the useful lives of tangible and intangible assets to calculate annual depreciation and amortization based on the general status of such assets and the estimates of the productive activities expected in the future. The impairment loss (if any) is charged to the statement of income.
- A provision is set for the lawsuits raised against the Bank. This provision is based to an adequate legal study prepared by the Bank's legal advisor. Moreover, the study highlights potential risks that the Bank may encounter in the future. Such legal assessments are reviewed periodically.

**Important estimates related to determining the duration of the lease contract for contracts that include the option to renew the contract.**

- The Group determines the duration of the lease contract as the non-cancellable period, taking into account the periods covered by the option to extend the lease if this option is certain to be exercised, or any periods related to the option to terminate the lease, if it is certain that the Group does not exercise This option.
- Under some lease contracts, the Group has the right to lease the assets for additional periods, The Bank makes some estimates when assessing whether it is certain to exercise the renewal option.
- This means that the Group takes into account all relevant factors that constitute an economic incentive to exercise the option of renewal. Subsequently, the Group reassesses the term of the lease in the event of a significant event or change in the conditions under its control, which may affect its ability to exercise (or not exercise) the renewal option (for example, a change in the business strategy).
- The Group has included the renewal period as part of the lease duration due to the importance of these assets in its operating operations. The contract term that is not subject to termination for some of these assets is considered to be relatively short and in the event that these contracts are canceled, the operational process will be negatively affected in the absence of alternatives to these assets .

## 4. Cash and balances with central bank

This item consists of the following:

Description	31 December 2019	31 December 2018
	JD	JD
Cash in vaults	163,859,470	159,304,752
Balances at the Central Bank of Jordan:		
Current accounts	483,605,361	470,144,768
Statutory cash reserve	258,604,984	246,636,798
Total balances at the Central Bank of Jordan	742,210,345	716,781,566
<b>Total</b>	<b>906,069,815</b>	<b>876,086,318</b>

- In compliance with Islamic Shari'a rules and the Bank's Articles of Association and bylaws, the Bank does not earn any interest on balances and current accounts held with the Central Bank of Jordan.
- Amounts of JD 40,613,181 and JD 22,479,102 were deducted as at 31 December 2019 and as at 31 December 2018 respectively, which represent cash balances for accounts managed on behalf of others.
- There are no balances maturing within more than three months as at 31 December 2019 and 31 December 2018.
- There were no restricted balances except for the statutory cash reserve as at 31 December 2019 and 31 December 2018.

## 5. Balances at banks and financial institutions

This item consists of the following:

Description	Local banks and financial institutions		Foreign banks and financial institutions		Total	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	JD	JD	JD	JD	JD	JD
Current and on demand accounts	1,419,560	1,560	31,158,107	41,572,535	32,577,667	41,574,095
Less: provision for expected credit loss	(2,137)	-	(25,506)	(70,702)	(27,643)	(70,702)
Net Current and on demand accounts	1,417,423	1,560	31,132,601	41,501,833	32,550,024	41,503,393
Unrestricted accounts maturing within 3 months or less	-	-	37,506,420	52,431,501	37,506,420	52,431,501
Less: provision for expected credit loss	-	-	(64,782)	(19,404)	(64,782)	(19,404)
Net unrestricted accounts maturing within 3 months or less	-	-	37,441,638	52,412,097	37,441,638	52,412,097
<b>Total</b>	<b>1,417,423</b>	<b>1,560</b>	<b>68,574,239</b>	<b>93,913,930</b>	<b>69,991,662</b>	<b>93,915,490</b>

- In compliance with Islamic Shari'a rules and the Bank's Articles of Association bylaws, the Bank does not earn any interest on current and on demand accounts at local and foreign banks and financial institutions.
- There were no restricted balances at the local and foreign banks and financial institutions as at 31 December 2019 and 31 December 2018.

## 6. Investment accounts at banks and financial institutions

This item consists of the following:

Description	Foreign banks and financial institutions	
	31 December 2019	31 December 2018
	JD	JD
Maturing within more than one year	17,725,000	17,725,000
Less: expected credit loss	(43,465)	(82,702)
<b>Total</b>	<b>17,681,535</b>	<b>17,642,298</b>

- There were no restricted balances at the foreign banks and financial institutions as at 31 December 2019 and 31 December 2018.

Movement on balances and accounts with banks and financial institutions Notes (5,6):

As of 31 December 2019:	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Beginning balance	111,730,596	-	-	111,730,596
New balances and accounts during the year	104,960,470	-	-	104,960,470
Balances and accounts paid	(128,881,979)	-	-	(128,881,979)
<b>Ending balance</b>	<b>87,809,087</b>	<b>-</b>	<b>-</b>	<b>87,809,087</b>

As of 31 December 2018:	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Beginning balance	76,103,633	-	-	76,103,633
New balances and accounts during the year	48,801,098	-	-	48,801,098
Balances and accounts paid	(13,174,135)	-	-	(13,174,135)
<b>Ending balance</b>	<b>111,730,596</b>	<b>-</b>	<b>-</b>	<b>111,730,596</b>

Movement on expected credit loss:

As of 31 December 2019:	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Beginning balance	172,808	-	-	172,808
Expected credit loss on new balances and accounts during the year	103,621	-	-	103,621
Expected credit loss recovered from balances and accounts paid	(140,539)	-	-	(140,539)
<b>Ending balance</b>	<b>135,890</b>	<b>-</b>	<b>-</b>	<b>135,890</b>

As of 31 December 2018:	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Beginning balance (Adjusted)	197,488	-	-	197,488
Expected credit loss on new balances and accounts during the year	18,881	-	-	18,881
Expected credit loss recovered from balances and accounts paid	(43,561)	-	-	(43,561)
<b>Ending balance</b>	<b>172,808</b>	<b>-</b>	<b>-</b>	<b>172,808</b>

## 7. Deferred sales receivables and other receivables –Net

This item consists of the following:

Description	Joint		Self		Total	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	JD	JD	JD	JD	JD	JD
<b>Individuals (Retail):</b>						
Murabaha to the purchase orderer	663,840,916	686,314,870	-	-	663,840,916	686,314,870
Deferred sales	9,012,319	6,307,089	-	-	9,012,319	6,307,089
Ijarah Mawsoofa Bil Thimma	5,675,826	4,337,505	-	-	5,675,826	4,337,505
Ijarah Muntahia Bittamleek receivables	6,603,421	5,346,892	-	-	6,603,421	5,346,892
Istisna'a	280,004	320,000	-	-	280,004	320,000
Customers' receivables	5,007,706	4,461,335	5,006,529	4,699,616	10,014,235	9,160,951
Real estate financing	455,538,029	482,224,820	100,000	150,000	455,638,029	482,374,820
<b>Corporate:</b>						
International Murabaha	26,298,815	62,535,408	-	-	26,298,815	62,535,408
Istisna'a	16,306,663	11,175,144	-	-	16,306,663	11,175,144
Murabaha to the purchase orderer	420,430,463	379,980,825	-	-	420,430,463	379,980,825
Deferred sales	6,354	9,533	-	-	6,354	9,533
Ijarah Muntahia Bittamleek receivables	324,604	258,460	-	-	324,604	258,460
Musharaka receivables	504,125	-	-	-	504,125	-
<b>Small and Medium Enterprises (SME's):</b>						
Murabaha to the purchase orderer	165,484,425	153,554,195	-	-	165,484,425	153,554,195
Customers' receivables	18,840	-	2,046,313	2,220,946	2,065,153	2,220,946
Ijarah Mawsoofa bil Thimma	190,270	-	-	-	190,270	-
Ijarah Muntahia Bittamleek receivables	174,249	-	-	-	174,249	-
Istisna'a	193,000	-	-	-	193,000	-
Deferred sales	36,800	31,240	-	-	36,800	31,240
Government and public sector	879,184,944	601,486,612	176,972	9,380	879,361,916	601,495,992
<b>Total</b>	<b>2,655,111,773</b>	<b>2,398,343,928</b>	<b>7,329,814</b>	<b>7,079,942</b>	<b>2,662,441,587</b>	<b>2,405,423,870</b>
Less: deferred revenues*	(291,681,762)	(241,676,931)	(6,000)	(12,000)	(291,687,762)	(241,688,931)
Less: suspended revenues**	(11,035,839)	(11,380,096)	-	-	(11,035,839)	(11,380,096)
Less: deferred mutual insurance***	(10,609,414)	(5,919,469)	-	-	(10,609,414)	(5,919,469)
Less: expected credit loss	(96,065,775)	(92,013,250)	(723,106)	(640,838)	(96,788,881)	(92,654,088)
<b>Net deferred sales and other receivables</b>	<b>2,245,718,983</b>	<b>2,047,354,182</b>	<b>6,600,708</b>	<b>6,427,104</b>	<b>2,252,319,691</b>	<b>2,053,781,286</b>

\* Deferred revenues include the deferred revenues of Murabaha to the purchase orderer, deferred sales, Ijarah Mawsoofa Bil Thimma and Istisna'a.

\*\* Suspended revenues include the suspended revenues of Murabaha to the purchase orderer, deferred sales, Ijarah Mawsoofa Bil Thimma and Istisna'a.

\*\*\* Deferred mutual insurance includes insurance installments of Murabaha to the purchase orderer, deferred sales and deferred Ijarah Mawsoofa Bil Thimma.

Movements on deferred sales receivables, other receivables and financing - self:

As at 31 December 2019	Retail	Real estate financing	Large corporates	Small and Medium Enterprises	Government and public sector	Total
	JD	JD	JD	JD	JD	JD
Balance at beginning of the year	643,323	-	-	-	-	643,323
Transfer to during the year	105,487	-	-	-	-	105,487
Used during the year (write-offs)	(23,046)	-	-	-	-	(23,046)
<b>Balance at the end of the year</b>	<b>725,764</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>725,764</b>

As at 31 December 2019	Retail	Real estate financing	Large corporates	Small and Medium Enterprises	Government and public sector	Total
	JD	JD	JD	JD	JD	JD
Expected credit loss of non-performing receivables on individual customer basis	259,206	-	-	-	-	259,206
Expected credit loss of watch list receivables based on individual customer basis	277,546	-	-	-	-	277,546
Expected credit loss of watch list receivables on portfolio basis	189,012	-	-	-	-	189,012
<b>Balance at the end of the year</b>	<b>725,764</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>725,764</b>

For the year ended 31 December 2018	Retail	Real estate financing	Large corporates	Small and Medium Enterprises	Government and public sector	Total
	JD	JD	JD	JD	JD	JD
Balance at beginning of the year	640,760	-	-	-	-	640,760
Transfer to during the year	2,563	-	-	-	-	2,563
<b>Balance at the end of the year</b>	<b>643,323</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>643,323</b>

As at 31 December 2018	Retail	Real estate financing	Large corporates	Small and Medium Enterprises	Government and public sector	Total
	JD	JD	JD	JD	JD	JD
Expected credit loss of non-performing receivables on individual customer basis	284,257	-	-	-	-	284,257
Expected credit loss of watch list receivables based on individual customer basis	267,330	-	-	-	-	267,330
Expected credit loss of watch list receivables on portfolio basis	91,736	-	-	-	-	91,736
<b>Balance at the end of the year</b>	<b>643,323</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>643,323</b>

There are no provisions no longer required as a result of settlement or repayment transferred to other receivables, financing, and Ijarah as at 31 December 2019 and 31 December 2018.

Movements on the deferred sales receivables were as follow:

Description	31 December 2019	
	Deferred sales receivables	Deferred revenues
	JD	JD
Balance at the beginning of the year	6,347,862	530,574
Additions	8,982,974	981,838
Disposals	(6,275,363)	(763,061)
<b>Balance at the end of the year</b>	<b>9,055,473</b>	<b>749,351</b>

Movements on the suspended revenues were as follows:

Description	Joint				
	For the year ended 31 December 2019				
	Retail	Real estate financing	Large corporates	Small and Medium Enterprises	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	5,072,691	2,434,091	2,295,464	1,577,850	11,380,096
Add: suspended revenues during the year	2,847,028	1,366,124	1,288,320	885,562	6,387,034
Less: revenue in suspense reversed to income	(1,972,172)	(1,822,782)	(1,036,262)	(959,133)	(5,790,349)
Less: suspended revenues written off	(361,993)	-	(361,975)	(216,974)	(940,942)
<b>Balance at the end of the year</b>	<b>5,585,554</b>	<b>1,977,433</b>	<b>2,185,547</b>	<b>1,287,305</b>	<b>11,035,839</b>

Description	Joint				
	For the year ended 31 December 2018				
	Retail	Real estate financing	Large corporates	Small and Medium Enterprises	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	2,820,964	4,140,350	2,890,168	1,850,852	11,702,334
Add: suspended revenues during the year	2,944,325	185,993	367,492	419,578	3,917,388
Less: revenue in suspense reversed to income	(384,991)	(1,892,252)	(838,863)	(391,512)	(3,507,618)
Less: suspended revenues written off	(307,607)	-	(123,333)	(301,068)	(732,008)
<b>Balance at the end of the year</b>	<b>5,072,691</b>	<b>2,434,091</b>	<b>2,295,464</b>	<b>1,577,850</b>	<b>11,380,096</b>



## 8. Ijarah Muntahia Bittamleek assets - Net

This item consists of the following:

Description	Joint		
	31 December 2019		
	Cost	Accumulated Depreciation	Net Book Value
	JD	JD	JD
Ijarah Muntahia Bittamleek assets - real estate	815,312,778	(185,712,025)	629,600,753

Description	Joint		
	31 December 2018		
	Cost	Accumulated Depreciation	Net Book Value
	JD	JD	JD
Ijarah Muntahia Bittamleek assets - real estate	788,709,559	(182,907,797)	605,801,762

The accrued Ijarah instalments amounted to JD 7,102,274 as at 31 December 2019 (2018: JD 5,605,352) were included in deferred sales receivables and other receivables (Note 7).

## 9. Financing - Net

This item consists of the following:

Description	Joint		Self		Total	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	JD	JD	JD	JD	JD	JD
Individuals (Retail):						
Diminishing Musharaka	32,417,488	31,041,161	234,183	256,148	32,651,671	31,297,309
Corporate						
Musharaka	-	2,112,320	-	-	-	2,112,320
<b>Total</b>	<b>32,417,488</b>	<b>33,153,481</b>	<b>234,183</b>	<b>256,148</b>	<b>32,651,671</b>	<b>33,409,629</b>
Less: provision for expected credit loss	(774,631)	(703,355)	(2,658)	(2,485)	(777,289)	(705,840)
<b>Net Financing</b>	<b>31,642,857</b>	<b>32,450,126</b>	<b>231,525</b>	<b>253,663</b>	<b>31,874,382</b>	<b>32,703,789</b>

- Non-performing deferred sales receivables, Ijarah Muntahia Bittamleek receivables, other receivables, financing and Al Qard Al Hasan amounted to JD 117,038,239 as at 31 December 2019, representing 4.31% of deferred sales receivable, Ijarah Muntahia Bittamleek receivables, other receivables, financing and Al Qard Al Hasan balance compared to JD 113,149,841 as at 31 December 2018, representing 4.61% of the utilized balance.
- Non-performing deferred sales receivables, Ijarah Muntahia Bittamleek receivables, other receivables, financing and Al Qard Al Hasan after deducting suspended revenues amounted to JD 107,313,727 as at 31 December 2019, representing 3.97% of deferred sales, Ijarah Muntahia Bittamleek receivables, other receivables, financing and Al Qard Al Hasan balance, compared to JD 102,842,456 as at 31 December 2018, representing 4.21% of the utilized balance.
- Deferred sales, other receivables, and financing granted to and guaranteed by the Government of Jordan amounted to JD 882,357,000 as at 31 December 2019, representing 32.5% of deferred sales, other receivables and financing balance, compared to JD 604,491,076 as at 31 December 2018, representing 24.76 % of the utilized balance.

#### Cumulative movement on direct facilities as of 31 December 2019:

As of 31 December 2019	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	786,899,683	889,259,974	355,273,752	29,342,304	133,349,784	2,194,125,497
New facilities during the year	651,768,495	347,412,449	118,646,928	6,582,536	6,012,008	1,130,422,416
Settled facilities	(329,683,023)	(432,945,410)	(110,296,556)	(12,977,453)	(29,096,240)	(914,998,682)
Transferred to stage 1	122,931,905	15,011,153	(119,108,198)	(10,109,559)	(8,725,301)	-
Transferred to stage 2	(61,873,141)	(14,216,429)	68,306,886	17,674,243	(9,891,559)	-
Transferred to stage 3	(13,257,343)	(14,702,665)	(40,662,089)	(6,738,587)	75,360,684	-
Written of facilities	-	-	-	-	(7,674,772)	(7,674,772)
<b>Balance at the end of the year</b>	<b>1,156,786,576</b>	<b>789,819,072</b>	<b>272,160,723</b>	<b>23,773,484</b>	<b>159,334,604</b>	<b>2,401,874,459</b>

#### As of 31 December 2018:

As of 31 December 2018	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	705,716,391	638,987,899	650,299,780	26,495,310	120,896,299	2,142,395,679
New facilities during the year	429,367,219	591,183,441	16,980,230	6,250,194	6,262,450	1,050,043,534
Settled facilities	(321,510,887)	(315,970,129)	(306,600,645)	(6,323,700)	(40,661,125)	(991,066,486)
Transferred to stage 1	114,494,855	14,659,652	(114,494,855)	(12,231,692)	(2,427,960)	-
Transferred to stage 2	(131,588,485)	(21,396,510)	135,310,923	23,103,459	(5,429,387)	-
Transferred to stage 3	(9,579,410)	(18,204,379)	(26,221,681)	(7,951,267)	61,956,737	-
Written off facilities	-	-	-	-	(7,247,230)	(7,247,230)
<b>Balance at the end of the year</b>	<b>786,899,683</b>	<b>889,259,974</b>	<b>355,273,752</b>	<b>29,342,304</b>	<b>133,349,784</b>	<b>2,194,125,497</b>

Distribution of large corporate facilities according to the bank internal credit rating:

Description	As of 31 December 2019				As of 31 December 2018
	Stage 1	Stage 2	Stage 3	Total	Total
	Individual	Individual			
	JD	JD	JD	JD	JD
Internal Rating from 1 to 6-	192,633,556	56,520,994	-	249,154,550	216,729,632
Internal Rating from 7+ to 7-	-	119,264,634	-	119,264,634	64,362,484
Internal Rating from 8 to 10	-	-	42,162,678	42,162,678	23,540,404
External Credit Rating	26,298,816	-	-	26,298,816	62,535,407
<b>Total</b>	<b>218,932,372</b>	<b>175,785,628</b>	<b>42,162,678</b>	<b>436,880,678</b>	<b>367,167,927</b>

Cumulative movement on large corporate facilities as of 31 December 2019:

As of 31 December 2019	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual		
	JD	JD	JD	JD
Balance at the beginning of the year	128,167,694	215,164,153	23,836,080	367,167,927
New facilities during the year	207,019,984	87,628,026	1,120,900	295,768,910
Settled facilities	(144,989,614)	(71,839,910)	(5,052,997)	(221,882,521)
Transferred to stage 1	66,364,133	(64,339,251)	(2,024,882)	-
Transferred to stage 2	(33,486,526)	35,056,102	(1,569,576)	-
Transferred to stage 3	(4,143,299)	(25,883,492)	30,026,791	-
Adjustments	-	-	-	-
Written off facilities	-	-	(4,173,638)	(4,173,638)
Adjustments from exchange rates effect	-	-	-	-
<b>Balance at the end of the year</b>	<b>218,932,372</b>	<b>175,785,628</b>	<b>42,162,678</b>	<b>436,880,678</b>

## Distribution of SME's facilities according to the bank internal credit rating as of 31 December 2019:

Description	As of 31 December 2019						As of 31 December 2018
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual	Collective	Individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
Internal Rating from 1 to 6-	58,351,519	-	14,598,304	-	-	72,949,823	69,583,348
Internal Rating from 7+ to 7-	-	-	26,439,460	-	-	26,439,460	23,838,236
Internal Rating from 8 to 10	-	-	-	-	22,400,344	22,400,344	19,166,985
Collective portfolio	-	27,125,527	-	1,788,428	9,050,736	37,964,691	34,530,501
<b>Total</b>	<b>58,351,519</b>	<b>27,125,527</b>	<b>41,037,764</b>	<b>1,788,428</b>	<b>31,451,080</b>	<b>159,754,318</b>	<b>147,119,070</b>

## Cumulative movement on SME's facilities as of 31 December 2019:

Description	As of 31 December 2019					
	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	54,930,849	18,790,772	42,725,248	2,490,190	28,182,011	147,119,070
New facilities during the year	59,553,211	20,337,463	28,398,344	1,300,736	1,182,047	110,771,801
Settled facilities	(53,224,160)	(10,450,341)	(28,166,252)	(1,444,264)	(3,517,450)	(96,802,467)
Transferred to stage 1	14,790,447	1,577,018	(14,021,868)	(1,092,019)	(1,253,578)	-
Transferred to stage 2	(14,318,938)	(1,270,621)	17,208,949	1,357,187	(2,976,577)	-
Transferred to stage 3	(3,379,890)	(1,858,764)	(5,106,657)	(823,402)	11,168,713	-
Written off facilities	-	-	-	-	(1,334,086)	(1,334,086)
Adjustments from exchange rates effect	-	-	-	-	-	-
<b>Balance at the end of the year</b>	<b>58,351,519</b>	<b>27,125,527</b>	<b>41,037,764</b>	<b>1,788,428</b>	<b>31,451,080</b>	<b>159,754,318</b>

Distribution of individuals facilities according to the bank internal credit rating as of 31 December 2019:

Description	As of 31 December 2019						As of 31 December 2018
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual	Collective	Individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
Internal Rating from 1 to 6-	49,278,531	-	7,719,663	-	-	56,998,194	119,002,116
Internal Rating from 7+ to 7-	-	-	9,806,800	-	-	9,806,800	10,527,513
Internal Rating from 8 to 10	-	-	-	-	20,562,542	20,562,542	15,572,525
Collective portfolio	-	488,029,230	-	14,305,951	37,006,004	539,341,185	557,752,492
<b>Total</b>	<b>49,278,531</b>	<b>488,029,230</b>	<b>17,526,463</b>	<b>14,305,951</b>	<b>57,568,546</b>	<b>626,708,721</b>	<b>702,854,646</b>

Cumulative movement on individuals facilities as of 31 December 2019:

Description	As of 31 December 2019					
	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	33,526,422	579,653,911	19,873,132	18,662,872	51,138,309	702,854,646
New facilities during the year	34,970,321	236,653,607	499,074	4,948,902	3,568,966	280,640,870
Settled facilities	(12,799,343)	(319,267,809)	(2,742,594)	(9,584,912)	(10,225,089)	(354,619,747)
Transferred to stage 1	4,567,906	8,554,986	(4,567,906)	(5,713,219)	(2,841,767)	-
Transferred to stage 2	(7,404,663)	(8,352,327)	9,129,726	10,534,730	(3,907,466)	-
Transferred to stage 3	(3,582,113)	(9,213,138)	(4,664,969)	(4,542,421)	22,002,641	-
Adjustment	-	-	-	-	-	-
Written off facilities	-	-	-	-	(2,167,048)	(2,167,048)
Adjustments from exchange rates effect	-	-	-	-	-	-
<b>Balance at the end of the year</b>	<b>49,278,530</b>	<b>488,029,230</b>	<b>17,526,463</b>	<b>14,305,952</b>	<b>57,568,546</b>	<b>626,708,721</b>

## Distribution of real estate facilities according to the bank internal credit rating as of 31 December 2019:

Description	As of 31 December 2019						As of 31 December 2018
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual	Collective	Individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
Internal Rating from 1 to 6-	80,303,469	-	8,684,380	-	-	88,987,849	82,356,324
Internal Rating from 7+ to 7-	-	-	29,126,488	-	-	29,126,488	37,519,487
Internal Rating from 8 to 10	-	-	-	-	15,955,743	15,955,743	17,895,855
Collective portfolio	-	270,699,795	-	7,679,104	11,864,517	290,243,416	308,533,914
<b>Total</b>	<b>80,303,469</b>	<b>270,699,795</b>	<b>37,810,868</b>	<b>7,679,104</b>	<b>27,820,260</b>	<b>424,313,496</b>	<b>446,305,580</b>

## Cumulative movement on real estate facilities as of 31 December 2019:

Description	As of 31 December 2019					
	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	43,892,991	286,850,784	77,511,219	8,189,242	29,861,344	446,305,580
New facilities during the year	16,374,979	90,421,379	2,121,484	332,898	140,095	109,390,835
Settled facilities	(8,358,867)	(103,227,273)	(7,547,799)	(1,948,277)	(10,300,703)	(131,382,919)
Transferred to stage 1	37,209,420	4,879,149	(36,179,173)	(3,304,322)	(2,605,074)	-
Transferred to stage 2	(6,663,013)	(4,593,481)	6,912,108	5,782,327	(1,437,941)	-
Transferred to stage 3	(2,152,041)	(3,630,763)	(5,006,971)	(1,372,764)	12,162,539	-
Adjustment	-	-	-	-	-	-
Written off facilities	-	-	-	-	-	-
Adjustments from exchange rates effect	-	-	-	-	-	-
<b>Balance at the end of the year</b>	<b>80,303,469</b>	<b>270,699,795</b>	<b>37,810,868</b>	<b>7,679,104</b>	<b>27,820,260</b>	<b>424,313,496</b>

Distribution of government and public sector facilities according to the bank internal credit rating as of 31 December 2019:

Description	As of 31 December 2019				As of 31 December 2018
	Stage 1	Stage 2	Stage 3	Total	Total
	Individual	Individual			
	JD	JD	JD	JD	JD
Internal Rating from 1 to 6-	754,217,246	-	-	754,217,246	530,678,274
<b>Total</b>	<b>754,217,246</b>	<b>-</b>	<b>-</b>	<b>754,217,246</b>	<b>530,678,274</b>

Cumulative movement on government and public sector facilities as of 31 December 2019:

	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual		
	JD	JD	JD	JD
<b>As at 31 December 2019</b>				
Balance at the beginning of the year	530,678,274	-	-	530,678,274
New facilities during the year	333,850,000	-	-	333,850,000
Settled facilities	(110,311,028)	-	-	(110,311,028)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Adjustments	-	-	-	-
Written off facilities	-	-	-	-
Adjustments from exchange rates effect	-	-	-	-
<b>Balance at the end of the year</b>	<b>754,217,246</b>	<b>-</b>	<b>-</b>	<b>754,217,246</b>

## Cumulative movement on the expected credit loss for direct facilities as of 31 December 2019:

As of 31 December 2019	Large corporates	SMEs	Individuals	Real estate financing	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	20,825,179	12,888,275	26,639,617	11,187,497	71,540,568
Expected credit loss on the new facilities during the year	21,165,022	3,690,721	6,768,910	2,439,641	34,064,294
Expected credit loss recovered from settled facilities	(22,415,785)	(6,361,479)	(12,977,359)	(6,784,601)	(48,539,224)
Transferred to stage 1	382,188	55,185	52,553	83,866	573,792
Transferred to stage 2	499,635	234,322	216,919	129,267	1,080,143
Transferred to stage 3	21,648,823	4,150,523	8,347,708	2,347,790	36,494,844
Impact on ending balance provision due to change in staging classification	-	-	-	-	-
Adjustments	-	-	-	-	-
Written off facilities	(3,846,665)	(1,334,086)	(1,322,842)	-	(6,503,593)
Adjustments from exchange rates effect	-	-	-	-	-
Balance at the end of the year	38,258,397	13,323,461	27,725,506	9,403,460	88,710,824
Reallocated:					
Individual level provision	38,258,397	10,243,806	8,330,094	2,616,952	59,449,249
Collective level provision	-	3,079,655	19,395,412	6,786,508	29,261,575

As of 31 December 2018	Large corporates	SMEs	Individuals	Real estate financing	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	16,487,271	16,299,890	30,842,908	9,474,552	73,104,621
Expected credit loss on the new facilities during the year	14,392,057	1,490,235	5,502,711	5,970,890	27,355,893
Expected credit loss recovered from settled facilities	(17,449,542)	(5,167,077)	(13,833,595)	(8,611,413)	(45,061,627)
Transferred to stage 1	163,716	50,160	49,218	124,731	387,825
Transferred to stage 2	1,591,976	166,495	136,063	1,715,115	3,609,649
Transferred to stage 3	8,747,133	699,462	4,733,762	2,513,622	16,693,979
Written off facilities	(3,107,432)	(650,890)	(791,450)	-	(4,549,772)
Balance at the end of the year	20,825,179	12,888,275	26,639,617	11,187,497	71,540,568
Reallocated:					
Individual level provision	20,825,179	9,501,867	7,366,000	4,136,294	41,829,340
Collective level provision	-	3,386,408	19,273,617	7,051,203	29,711,228



## 10. Financial assets at fair value through owner's equity – self financed

This item consists of the following:

Description	31 December 2019	31 December 2018
	JD	JD
Quoted financial assets		
Companies shares	4,210,885	2,911,479
<b>Total financial assets – quoted</b>	<b>4,210,885</b>	<b>2,911,479</b>
Unquoted financial assets		
Companies shares	1,891,480	1,781,215
Al Wakala Bi Al Istithmar (investment portfolio)	5,939,908	6,000,000
<b>Total financial assets - unquoted</b>	<b>7,831,388</b>	<b>7,781,215</b>
<b>Total financial assets at fair value through owner's equity – self financed</b>	<b>12,042,273</b>	<b>10,692,694</b>

## 11. Financial assets at fair value through investment accounts holders' equity - joint

This item consists of the following:

Description	31 December 2019	31 December 2018
	JD	JD
Quoted financial assets:		
Companies shares	17,834,665	19,746,863
<b>Total quoted financial assets</b>	<b>17,834,665</b>	<b>19,746,863</b>
Unquoted financial assets:		
Companies shares	6,399,800	4,638,897
Islamic banks portfolio	709,000	709,000
Al Wakala Bi Al Istithmar (investment portfolio )	11,980,364	11,500,000
<b>Total unquoted financial assets</b>	<b>19,089,164</b>	<b>16,847,897</b>
<b>Total financial assets at fair value through the investment accounts holders' equity - joint</b>	<b>36,923,829</b>	<b>36,594,760</b>

- Financial assets stated at cost, as their fair value cannot be reliably measured amounted to JD 3,076,921 as at 31 December 2019 compared to JD 16,847,897 at of 31 December 2018.

## 12. Financial assets at amortized cost

This item consists of the following:

Quoted financial assets	31 December 2019	31 December 2018
	JD	JD
Islamic Sukuk	12,762,000	9,908,984
Provision for expected credit losses	(441,028)	(1,453,352)
Net quoted financial assets	12,320,972	8,455,632
Unquoted financial assets		
Islamic Sukuk	182,792,530	178,682,600
Islamic banks portfolio	6,106,684	6,432,809
Total unquoted financial assets	188,899,214	185,115,409
Provision for expected credit loss for financial assets	(1,860,091)	(1,897,662)
Net unquoted financial assets	187,039,123	183,217,747
<b>Total Financial Assets at amortized cost</b>	<b>199,360,095</b>	<b>191,673,379</b>

- Islamic Sukuk rate of return ranges between 2.8% - 5.47% payable on a semi-annual basis, with a maturity of 4 years.
- Islamic Sukuk in US Dollars rate of return ranges between 6.5% - 10.5% payable on a semi annual basis, with a maturity of 6 years.
- Short term Islamic Sukuk in US Dollars rate of return ranges between 2.3% - 2.9%, with a maturity of 3 to 6 months.

Cumulative movement on investments as of 31 December 2019:

As of 31 December 2019	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual		JD
	JD	JD	JD	JD
Fair value at the beginning of the year	186,116,202	7,090,000	1,818,191	195,024,393
New investments during the year	27,674,027	-	-	27,674,027
Matured investments	(21,037,388)	-	-	(21,037,388)
Adjustments	-	-	182	182
<b>Balance at the end of the year</b>	<b>192,752,841</b>	<b>7,090,000</b>	<b>1,818,373</b>	<b>201,661,214</b>

As of 31 December 2018	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual		
	JD	JD	JD	JD
Fair value at the beginning of the year	71,018,989	7,090,000	1,818,191	79,927,180
New investments during the year	121,769,913	-	-	121,769,913
Matured investments	(6,672,700)	-	-	(6,672,700)
Adjustments	-	-	-	-
<b>Balance at the end of the year</b>	<b>186,116,202</b>	<b>7,090,000</b>	<b>1,818,191</b>	<b>195,024,393</b>

Cumulative movement on the expected credit loss:

As of 31 December 2019	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual		
	JD	JD	JD	JD
Balance at the beginning of the year	101,584	1,431,239	1,818,191	3,351,014
Expected credit loss on new investments during the year	67,299	-	-	67,299
Expected credit loss recovered from matured investments	(100,763)	-	-	(100,763)
Adjustments	-	(1,016,613)	182	(1,016,431)
<b>Balance at the end of the year</b>	<b>68,120</b>	<b>414,626</b>	<b>1,818,373</b>	<b>2,301,119</b>

As of 31 December 2018	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual		
	JD	JD	JD	JD
Balance at the beginning of the year	111,060	2,198,698	1,818,191	4,127,949
Expected credit loss on new investments during the year	60,521	-	-	60,521
Expected credit loss recovered from matured investments	(69,997)	-	-	(69,997)
Adjustments	-	(767,459)	-	(767,459)
<b>Balance at the end of the year</b>	<b>101,584</b>	<b>1,431,239</b>	<b>1,818,191</b>	<b>3,351,014</b>

### 13. Investments in associates

This item consists of the following:

Company Name	Joint								
	Country of incorporation	Percentage of ownership %	Nature of activity	Date of preparing financial statements	Acquisition date	Cost		Value under equity method	
						31 December 2019	31 December 2018	31 December 2019	31 December 2018
						JD	JD	JD	JD
Jordan Center for International Trading Co.	Jordan	28.4	Commercial	31 December	1983	1,070,507	1,070,507	1,478,648	1,582,596
Islamic Insurance Co.	Jordan	33.3	Insurance	31 December	1995	4,625,908	4,625,908	6,732,538	6,772,605
<b>Total associates</b>						<b>5,696,415</b>	<b>5,696,415</b>	<b>8,211,186</b>	<b>8,355,201</b>

Investments in associates are measured using equity method. Fair value of these investments as at 31 December 2019 amounted to JD 6,374,820 compared to JD 6,847,730 as at 31 December 2018.

## 14. Investments in real estate

This item consists of the following:

Description	Joint	
	31 December 2019	31 December 2018
	JD	JD
Investments in real estate *	111,190,169	107,340,284
<b>Total</b>	<b>111,190,169</b>	<b>107,340,284</b>

\* Investments in real estate are presented at fair value, with a book value (cost) of JD 95,256,486 as at 31 December 2019 compared to JD 94,525,422 as at 31 December 2018.

## 15. Al Qard Al Hasan - Net

This item consists of the following:

Description	31 December 2019	31 December 2018
	JD	JD
Al Qard Al Hasan	20,114,216	14,280,494
Less: provision for expected credit loss - self*	(3,757,667)	(2,554,737)
<b>Al Qard Al Hasan - Net</b>	<b>16,356,549</b>	<b>11,725,757</b>

\* Movements on assets expected credit loss - self were as follows:

Description	Beginning balance	Appropriated during the year	Transferred during the year	Ending balance
	JD	JD	JD	JD
31 December 2019				
Expected credit loss-Self	2,554,737	1,072,576	130,354	3,757,667
<b>Total</b>	<b>2,554,737</b>	<b>1,072,576</b>	<b>130,354</b>	<b>3,757,667</b>

Description	Beginning balance	Appropriated during the year	Transferred during the year	Ending balance
	JD	JD	JD	JD
31 December 2018				
Expected credit loss-Self	4,500,000	300,000	(2,245,263)	2,554,737
<b>Total</b>	<b>4,500,000</b>	<b>300,000</b>	<b>(2,245,263)</b>	<b>2,554,737</b>

## 16. Property and equipment - Net

This item consists of the following:

Description	31 December 2019					
	Land	Buildings	Equipment, Furniture and Fixtures	Vehicles	Computers	Total
	JD	JD	JD	JD	JD	JD
<b>Cost</b>						
Beginning balance	32,296,206	41,455,814	54,123,294	2,459,399	15,454,249	145,788,962
Additions	4,465,995	6,621,839	2,273,104	22,584	311,750	13,695,272
Disposals	(1,125,983)	-	(856,713)	(496,524)	(58,406)	(2,537,626)
Ending balance	35,636,218	48,077,653	55,539,685	1,985,459	15,707,593	156,946,608
Accumulated Depreciation	-	(7,309,475)	(43,289,995)	(1,072,914)	(12,750,779)	(64,423,163)
Depreciation of the year	-	(925,403)	(3,756,449)	(110,632)	(1,510,882)	(6,303,366)
Disposals	-	-	796,134	135,571	1,976	933,681
Ending balance	-	(8,234,878)	(46,250,310)	(1,047,975)	(14,259,685)	(69,792,848)
Net book value of property and equipment	35,636,218	39,842,775	9,289,375	937,484	1,447,908	87,153,760
Payments on purchase of property and equipment	-	-	933,060	-	2,227,365	3,160,425
Projects in progress	-	2,788,683	-	-	-	2,788,683
<b>Net property and equipment at the end of the year</b>	<b>35,636,218</b>	<b>42,631,458</b>	<b>10,222,435</b>	<b>937,484</b>	<b>3,675,273</b>	<b>93,102,868</b>

Description	31 December 2018					
	Land	Buildings	Equipment, Furniture and Fixtures	Vehicles	Computers	Total
	JD	JD	JD	JD	JD	JD
<b>Cost</b>						
Beginning balance	30,217,226	33,417,223	49,711,346	2,333,871	15,046,201	130,725,867
Additions	2,078,980	8,386,116	5,468,749	478,052	2,697,151	19,109,048
Disposals	-	(347,525)	(1,056,801)	(352,524)	(2,289,103)	(4,045,953)
Ending balance	32,296,206	41,455,814	54,123,294	2,459,399	15,454,249	145,788,962
Accumulated Depreciation	-	(6,588,002)	(39,559,889)	(1,013,404)	(13,502,368)	(60,663,663)
Depreciation of the year	-	(721,473)	(4,429,676)	(121,665)	(1,429,800)	(6,702,614)
Disposals	-	-	699,570	62,155	2,181,389	2,943,114
Ending balance	-	(7,309,475)	(43,289,995)	(1,072,914)	(12,750,779)	(64,423,163)
Net book value of property and equipment	32,296,206	34,146,339	10,833,299	1,386,485	2,703,470	81,365,799
Payments on purchase of property and equipment	-	-	999,985	-	613,672	1,613,657
Projects in progress	-	331,756	-	-	-	331,756
<b>Net property and equipment at the end of the year</b>	<b>32,296,206</b>	<b>34,478,095</b>	<b>11,833,284</b>	<b>1,386,485</b>	<b>3,317,142</b>	<b>83,311,212</b>

- Fully depreciated property and equipment amounted to JD 55,223,480 as at 31 December 2019 compared to JD 51,366,220 as at 31 December 2018.

## 17. Depreciation and amortization

This item consists of the following:

Description	31 December 2019	31 December 2018
	JD	JD
Property and equipment depreciation (note 16)	6,303,366	6,702,614
Intangible assets amortization (note 18)	937,770	751,325
Depreciation of right of use assets	1,601,798	-
<b>Total</b>	<b>8,842,934</b>	<b>7,453,939</b>

## 18. Intangible assets

This item consists of the following:

Description	31 December 2019	31 December 2018
	Computer systems and softwares	Computer systems and softwares
	JD	JD
Beginning balance	529,225	520,471
Additions	1,431,088	760,079
Amortization	(937,770)	(751,325)
Total	1,022,543	529,225
Payments on softwares purchases	1,513,846	1,769,911
<b>Ending balance</b>	<b>2,536,389</b>	<b>2,299,136</b>

## 19. Other assets

This item consists of the following:

Description	31 December 2019	31 December 2018
	JD	JD
Accrued revenues	214,450	146,637
Prepaid expenses	338,862	297,742
Temporary debit accounts	5,966,519	4,808,445
Stationery and publications	610,689	656,291
Prepaid rent	-	751,091
Stamps	634,042	826,791
Credit card accounts	4,891,020	1,434,322
Settlement guarantee fund deposits	25,000	25,000
Refundable deposits	318,988	303,267
Acceptable notes	39,714	124,178
Repossessed assets by the Bank against debts*	34,286,450	19,039,577
Others	305,815	305,503
<b>Total</b>	<b>47,631,549</b>	<b>28,718,844</b>

\* the following is a summary of the movement in the assets owned by the bank in settlement of Repossessed assets by the Bank against debts:

Description	31 December 2019	31 December 2018
	JD	JD
Beginning balance for the year	20,466,440	13,959,148
Additions	15,840,367	7,584,138
Disposals	(229,886)	(1,076,846)
Ending balance for the year	36,076,921	20,466,440
Provision for acquired assets *	(12,363)	(12,363)
provision for impairment in acquired assets	(1,778,108)	(1,414,500)
<b>Total</b>	<b>34,286,450</b>	<b>19,039,577</b>

\* Provision for acquired assets was calculated accordance to the letter of the Central Bank of Jordan No. (10/1/2510) dated 14 February 2017 and its amendments.



## 20. Banks and financial institutions accounts

This item consists of the following:

Description	31 December 2019			31 December 2018		
	Inside the Kingdom	Outside the Kingdom	Total	Inside the Kingdom	Outside the Kingdom	Total
	JD	JD	JD	JD	JD	JD
Current and on demand accounts	88,555	4,582,282	4,670,837	88,555	8,152,801	8,241,356
<b>Total</b>	<b>88,555</b>	<b>4,582,282</b>	<b>4,670,837</b>	<b>88,555</b>	<b>8,152,801</b>	<b>8,241,356</b>

## 21. Customers' current and on demand accounts

This item consists of the following:

Description	31 December 2019				
	Retail	Large corporates	Small and Medium Enterprises	Government and public sector	Total
	JD	JD	JD	JD	JD
Current accounts	706,247,317	21,015,941	204,038,550	48,674,042	979,975,850
On demand accounts	224,328,421	95,038	600,361	-	225,023,820
<b>Total</b>	<b>930,575,738</b>	<b>21,110,979</b>	<b>204,638,911</b>	<b>48,674,042</b>	<b>1,204,999,670</b>

Description	31 December 2018				
	Retail	Large corporates	Small and Medium Enterprises	Government and public sector	Total
	JD	JD	JD	JD	JD
Current accounts	640,984,406	15,946,995	184,769,776	30,962,143	872,663,320
On demand accounts	201,949,458	2,720	1,392,274	298	203,344,750
<b>Total</b>	<b>842,933,864</b>	<b>15,949,715</b>	<b>186,162,050</b>	<b>30,962,441</b>	<b>1,076,008,070</b>

- Government and public sector deposits inside the Kingdom amounted to JD 48,674,042 representing 4.04 % of the total customers' current and on demand accounts as at 31 December 2019 compared to JD 30,962,441 representing 2.88 % as at 31 December 2018.
- Dormant accounts amounted to JD 37,063,637 as of 31 December 2019 compared to JD 48,071,967 as of 31 December 2018.
- The restricted accounts amounted to JD 7,232,462, representing 0.60 % of the total customers' current and on demand accounts as of 31 December 2019 compared to JD 5,639,774 representing 0.52 % as of 31 December 2018 of the total customers' current and on demand accounts.

## 22. Cash margins

The item consists of the following:

Description	31 December 2019	31 December 2018
	JD	JD
Cash margins against sales receivables, finances and other receivables	15,271,606	13,994,067
Cash margins against indirect facilities	24,638,357	24,172,828
Other margins	6,600,263	7,043,323
<b>Total</b>	<b>46,510,226</b>	<b>45,210,218</b>

## 23. Accounts payable

The item consists of the following:

Description	31 December 2019	31 December 2018
	JD	JD
Customers' accounts payable	462,318	400,227
<b>Total</b>	<b>462,318</b>	<b>400,227</b>

## 24. Other provisions

This item consists of the following:

Description	31 December 2019				
	Beginning Balance	Appropriated during the year	Transferred during the year	Utilized during the year	Ending Balance
	JD	JD	JD	JD	JD
End of service indemnity provision	3,800,000	617,731	-	(1,067,731)	3,350,000
Legal case held against bank provision	75,000	-	-	-	75,000
Employees' vacation provision	3,400,000	100,000	-	-	3,500,000
Contingencies provision	6,712,106	-	(87,497)	-	6,624,609
<b>Total</b>	<b>13,987,106</b>	<b>717,731</b>	<b>(87,497)</b>	<b>(1,067,731)</b>	<b>13,549,609</b>

Description	31 December 2018				
	Beginning Balance	Appropriated during the year	Transferred during the year	Utilized during the year	Ending Balance
	JD	JD	JD	JD	JD
End of service indemnity provision	3,500,000	300,000	-	-	3,800,000
Legal case held against bank provision	-	75,000	-	-	75,000
Employees' vacation provision	3,250,000	150,000	-	-	3,400,000
Contingencies provision*	4,540,108	-	2,171,998	-	6,712,106
<b>Total</b>	<b>11,290,108</b>	<b>525,000</b>	<b>2,171,998</b>	<b>-</b>	<b>13,987,106</b>

\* Beginning balance represents amounts transferred to retained earnings as a result of IFRS (9) implementation.

## 25. Income tax provision

### A. Bank's income tax provision

Movements on the Bank's income tax provision were as follows:

Description	31 December 2019	31 December 2018
	JD	JD
Beginning balance for the year	22,459,373	23,760,966
Income tax paid	(20,818,433)	(22,247,035)
Income tax expense	34,204,739	25,596,078
Income tax paid for the years 2019, 2018	(5,845,976)	(4,650,636)
<b>Ending balance for the year</b>	<b>29,999,703</b>	<b>22,459,373</b>

B. Income tax expense shown in the consolidated income statement represents the following:

Description	31 December 2019	31 December 2018
	JD	JD
Income tax for the profit of the year	34,204,739	25,596,078
<b>Total</b>	<b>34,204,739</b>	<b>25,596,078</b>

- Income tax provision for the year ended 31 december 2019 was adjusted starting from 1 January 2019 to reach 35% in addition to a national contribution of 3% for a total of 38% in accordance with the income tax law No. (34) of 2014 amended by law No. (38) of the year 2018.

- **Al Samaha Financing and Investment Company Ltd:**

The Company reached a final income tax settlement up to 2018 except for the year 2015, as the Company submitted the income tax declaration, but the income tax department has not reviewed the reports up to the date of this consolidated financial statements.

- **Sanabel Al-Khai for financial investment Company Ltd:**

The Company reached a final settlement with the income tax department up to 2018 except for the year 2015, as the Company submitted the income tax. Declaration, The income tax department has not reviewed the records up to the date of the consolidated financial statement.

- **Omaryeh school company Ltd:**

The Company reached final settlement with the income tax department up to 2016, the Company submitted the income tax declaration for the years 2018 and 2017, the income tax department has not reviewed the records up to the date of the consolidated financial statements.

- **Future Applied Computer Technology Company Ltd:**

A final settlement was reached with the income tax department up to the year 2018.

## 26. Deferred tax liabilities

This item consists of the following:

Description	31 December 2019					31 December 2018
	Beginning Balance	Amounts released during the year	Additions during the year	Ending Balance	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
<b>A. Deferred tax liabilities –Joint*</b>						
Financial assets at fair value through the joint investment accounts holders' equity	(1,344,483)	(3,902,668)	-	(5,247,151)	(1,993,917)	(510,904)
Investments in real estate reserve	12,814,862	(289,449)	3,408,270	15,933,683	6,054,800	4,869,648
<b>Total</b>	<b>11,470,379</b>	<b>(4,192,117)</b>	<b>3,408,270</b>	<b>10,686,532</b>	<b>4,060,883</b>	<b>4,358,744</b>
<b>B. Deferred tax liabilities – self financed **</b>						
Financial assets at fair value through owner's equity- self	2,218,490	-	1,388,608	3,607,098	1,370,697	843,026
<b>Total</b>	<b>2,218,490</b>	<b>-</b>	<b>1,388,608</b>	<b>3,607,098</b>	<b>1,370,697</b>	<b>843,026</b>

\* Deferred tax liabilities - joint includes an amount of JD 4,060,883 as at 31 December 2019 compared to JD 4,358,744 as at 31 December 2018 resulting from the profits\ (losses) of evaluating financial and non-financial assets within the fair value reserve of the unrestricted investment accounts holders'.

\*\*Deferred tax liabilities - self financed includes an amount of JD 1,370,697 as at 31 December 2019 compared to JD 843,026 as at 31 December 2018 resulting from the profits of evaluating financial assets within the fair value reserve of owner's equity.

Movements on deferred tax liabilities were as follows:

### 26-A. Joint

Description	31 December 2019	31 December 2018
	JD	JD
Beginning Balance	4,358,744	4,137,456
(Disposals)/ Additions	(297,861)	221,288
<b>Ending Balance</b>	<b>4,060,883</b>	<b>4,358,744</b>

### 26-B. Self

Description	31 December 2019	31 December 2018
	JD	JD
Beginning Balance	843,026	650,528
Additions	527,671	192,498
<b>Ending Balance</b>	<b>1,370,697</b>	<b>843,026</b>

### 26-C. Reconciliation between tax profit and accounting profit:

Description	31 December 2019	31 December 2018
	JD	JD
Accounting profit	88,554,031	75,404,005
Non-taxable profit	(1,071,748)	(3,268,452)
Nondeductible expenses	2,619,417	1,022,963
Taxable profit	90,101,700	73,158,516
Attributable to:		
Bank	89,984,211	73,073,037
Subsidiaries	117,489	85,479
Statutory income tax rate - Bank	38%	35%
Statutory income tax rate - Subsidiaries	25%	24%
Effective income tax rate	37,96%	35%

## 27. Other liabilities

This item consists of the following:

Description	31 December 2019	31 December 2018
	JD	JD
Accepted cheques	2,866,008	2,434,928
Revenues received in advance	1,861,703	1,769,897
Al Qard Al Hasan Fund	1,822,430	2,255,054
Temporary deposits	905,417	733,473
Miscellaneous credit balances	2,521,949	3,187,982
Cheques against notes payables	5,991,102	4,499,872
Banker's cheques	4,062,119	6,871,191
Others	7,953,339	3,454,373
<b>Total</b>	<b>27,984,067</b>	<b>25,206,770</b>

## 28.A. Unrestricted investment accounts

This item consists of the following:

Description	31 December 2019					
	Retail	Large corporates	Small and Medium Enterprises	Government and public sector	Banks	Total
	JD	JD	JD	JD	JD	JD
Saving accounts	558,350,672	351,217	11,100,439	262	16,792,915	586,595,505
Notice accounts	9,006,295	-	3,386,919	602,495	8,840,091	21,835,800
Term accounts	1,885,202,168	4,979,237	44,164,490	29,145,040	23,250	1,963,514,185
<b>Total</b>	<b>2,452,559,135</b>	<b>5,330,454</b>	<b>58,651,848</b>	<b>29,747,797</b>	<b>25,656,256</b>	<b>2,571,945,490</b>
Depositors' share from Investment returns	50,266,993	109,252	1,217,183	609,703	282,957	52,486,088
<b>Total unrestricted investment accounts</b>	<b>2,502,826,128</b>	<b>5,439,706</b>	<b>59,869,031</b>	<b>30,357,500</b>	<b>25,939,213</b>	<b>2,624,431,578</b>

Description	31 December 2018					
	Retail	Large corporates	Small and Medium Enterprises	Government and public sector	Banks	Total
	JD	JD	JD	JD	JD	JD
Saving accounts	527,628,610	1,248,540	9,913,534	283	7,273,225	546,064,192
Notice accounts	9,420,541	-	9,586,684	591,906	4,353,361	23,952,492
Term accounts	1,739,495,308	5,747,054	115,230,166	26,852,499	-	1,887,325,027
<b>Total</b>	<b>2,276,544,459</b>	<b>6,995,594</b>	<b>134,730,384</b>	<b>27,444,688</b>	<b>11,626,586</b>	<b>2,457,341,711</b>
Depositors' share from investment returns	47,950,111	147,346	2,848,453	578,059	104,600	51,628,569
<b>Total unrestricted investment accounts</b>	<b>2,324,494,570</b>	<b>7,142,940</b>	<b>137,578,837</b>	<b>28,022,747</b>	<b>11,731,186</b>	<b>2,508,970,280</b>

- Unrestricted investment accounts share of profits is calculated as follows:
  - 40% of the annual average balance of saving accounts.
  - 70% of the annual average balance of notice accounts.
  - 90% of the minimum balance of term accounts.
- Profit percentage for Jordanian Dinars deposits was (3.0% - 5.0%) as at 31 December 2019 compared to 3.10 % as at 31 December 2018, profit percentage of foreign currencies deposits was (1.5 % - 2.0 % ) as at 31 December 2019 compared to 1.10 % as at 31 December 2018.
- Unrestricted investment accounts (Government of Jordan and Public Sector) inside the Kingdom amounted to JD 30,357,500, representing 1.16 % of the total unrestricted investment accounts as at 31 December 2019 compared to JD 28,022,747, representing 1.12 % as of 31 December 2018.
- The withdrawal restricted investment accounts were amounted to JD 3,117,003 representing 0.12 % of the total unrestricted investment accounts as at 31 December 2019 compared to JD 4,750,541, representing 0.19 % as at 31 December 2018.

## 28.B. Investment accounts holders' reserve and non- controlling interest – in subsidiaries and associates

This item consists of the following:

Description	Joint	
	31 December 2019	31 December 2018
	JD	JD
Investment accounts holders' reserve – Subsidiaries	14,250,620	15,486,116
Investment accounts holders' reserve – Associates	2,514,771	2,658,786
<b>Total</b>	<b>16,765,391</b>	<b>18,144,902</b>
<b>Non-Controlling Interests</b>	<b>132,814</b>	<b>153,866</b>

## 29. Fair value reserve

This item consists of the following:

### 29-A. Joint

Description	Joint	
	31 December 2019	31 December 2018
	JD	JD
Financial assets at fair value through joint investment accounts holders' equity reserve	(3,253,234)	(833,579)
Investments in real estate reserve	9,878,883	7,945,214
<b>Total</b>	<b>6,625,649</b>	<b>7,111,635</b>

### 29-B. Self

Description	Self	
	31 December 2019	31 December 2018
	JD	JD
Financial assets at fair value through owner's equity - self	2,236,401	1,375,464
<b>Total</b>	<b>2,236,401</b>	<b>1,375,464</b>



## 29-C. Movements on the fair value reserve for the unrestricted investment accounts holders' equity were as following:

Description	31 December 2019		
	Financial assets at fair value	Investments in real estate	Total
	JD	JD	JD
Beginning Balance*	(1,344,483)	12,814,862	11,470,379
Unrealized (loss) profits	(3,902,668)	3,408,270	(494,398)
Deferred tax (liabilities) assets	1,993,917	(6,054,800)	(4,060,883)
Profits transferred to the consolidated income statement	-	(289,449)	(289,449)
<b>Ending Balance</b>	<b>(3,253,234)</b>	<b>9,878,883</b>	<b>6,625,649</b>

Description	31 December 2018		
	Financial assets at fair value	Investments in real estate	Total
	JD	JD	JD
Beginning Balance *	315,946	11,505,358	11,821,304
Unrealized loss	(1,660,429)	2,194,683	534,254
Deferred tax (liabilities) assets	510,904	(4,869,648)	(4,358,744)
Profits transferred to the consolidated income statement	-	(885,179)	(885,179)
<b>Ending Balance</b>	<b>(833,579)</b>	<b>7,945,214</b>	<b>7,111,635</b>

\* The fair value reserve beginning balance includes the prior year deferred tax liabilities of JD 4,358,744.

## 29-D. Movements on the fair value reserve / owner's equity were as follows:

Description	Financial assets at fair value	
	31 December 2019	31 December 2018
	JD	JD
Beginning Balance*	2,218,490	1,858,650
Unrealized profits	1,388,608	359,840
Deferred tax liabilities	(1,370,697)	(843,026)
<b>Ending Balance</b>	<b>2,236,401</b>	<b>1,375,464</b>

\* The fair value reserve beginning balance includes the prior year deferred tax liabilities of JD 843,026.

## 29-E. Provision for probable contingencies:

Movements on probable contingent provisions were as follows:

Description	31 December 2019	31 December 2018
	JD	JD
Beginning balance for the year	1,042,517	-
Effect of IFRS (9) adoption	-	581,915
Adjusted beginning balance	1,042,517	581,915
Movement during the year	(282,088)	460,602
<b>Ending Balance for the year</b>	<b>760,429</b>	<b>1,042,517</b>

## 30. Investment risk fund:

Movements on the investment risk fund were as follows:

Description	31 December 2019	31 December 2018
	JD	JD
Beginning Balance	114,435,621	105,233,556
Add: transferred from investment profits during the year (up to 30 april 2019)	6,468,523	19,175,849
Tax settlement - Net	88,390	(1,515)
Transfer to expected credit losses provision	(86,687,900)	-
Amounts recovered from prior years losses	199,426	1,489,269
Less: losses written off during the year*	(10,519)	(6,593,432)
Less: Tax payment for the years 2019, 2018	(1,078,707)	(1,412,345)
Net accrued income tax on investment risk fund**	(1,450,853)	(3,455,761)
Transfers to provision for expected future investment risk	(31,963,981)	-
<b>Ending Balance</b>	<b>-</b>	<b>114,435,621</b>

\*The losses charged to the fund as at 31 December 2019 represent debt amortization losses at the sum of JD 10,519 compared to a sum of JD 6,543,067 as at 31 December 2018, no realized losses from sale of investment in shares as at 31 December 2019 and compared to a sum of JD 50,365 as at 31 December 2018, in accordance with Law and the Interpretation issued by the Bureau of Laws Interpretation.

- On 1 April 2019, Article (55) of the Banks Law was repealed in accordance with the Banks Law No. (28) for the year 2000, As of 1 May 2019 the appropriation of the investment risk fund was discontinued. In accordance with Central Bank regulations No. (10/1/9173) dated 27 June 2019 and No.(10/1/14348) dated 15 October 2019, the surplus balance of the investment risk fund is set as a provision for any expected future investment risks for the assets funded by joint investments accounts.

\*\* The aforementioned fund income tax item represents:

Description	31 December 2019	31 December 2018
	JD	JD
Beginning balance for the year	3,455,761	3,746,032
Paid income tax	(3,455,761)	(3,746,032)
Accrued income tax	2,529,560	4,868,106
Tax payment for the years 2019, 2018	(1,078,707)	(1,412,345)
<b>Ending balance for the year</b>	<b>1,450,853</b>	<b>3,455,761</b>

- The bank reached a final settlement for joint investment risk fund income tax until the end of 2018, all taxes for the fund were paid in accordance to the shariah rules.

The Investment risk fund balance (provision for expected future investment risk) is distributed as follows:

Description	31 December 2019	31 December 2018
	JD	JD
Ending Balance	-	114,435,621
Expected credit loss for deferred sales receivables – (Note 7)	-	88,833,924
Expected credit loss for Ijarah Muntahia Bittamleek receivables – (Note 7)	-	2,089,881
Expected credit loss for financing – (Note 9)	-	703,355
Repossessed investment in real estate – (Note 19)	-	12,363
Impairment provision for repossessed investment in real estate – (Note 19)	-	1,414,500
Expected credit loss for financial assets – (Note 12)	-	3,351,014
Expected credit loss for investment accounts – (Note 5,6)	-	102,106
Expected credit loss for probable contingencies – (Note 29/E)	-	1,042,517
Total expected credit loss and impairment provision	-	97,549,660
Mutual insurance fund share – deferred sales receivables (expected credit loss)	-	(14,440,599)
Mutual insurance fund share – Ijarah Muntahia Bittamleek receivable (expected credit loss)	-	(328,020)
<b>Remaining Balance *</b>	<b>-</b>	<b>31,654,580</b>

\* The remaining balance is related to the joint investment accounts.

Provision for expected future investment risk	31 December 2019	31 December 2018
	JD	JD
Transferred from investment risk fund	31,963,981	-
Transferred to expected credit loss provision	(1,947,850)	-
<b>Ending balance for the year</b>	<b>30,016,131</b>	<b>-</b>

### Mutual Insurance Fund

Movements on the mutual insurance fund were as follows:

Description	31 December 2019	31 December 2018
	JD	JD
Beginning balance	75,372,392	80,887,125
Add: profits for the years 2018 and 2017	2,336,439	2,139,556
Add: insurance premiums collected during the year	2,603,011	1,148,010
Add: amounts recovered from prior years losses	94,599	39,737
Less: insurance premiums paid during the year	(4,527,471)	(4,422,911)
Less: income tax fund for the year 2017	-	(3,513,547)
Less: fund's committee members remunerations	(16,000)	(16,000)
Less: consulting fees	(1,740)	(13,340)
Less: Insurance paid for the dissolution of contracts before 2018	(69,458)	(222,440)
Less: losses written off during the year	(726,167)	(653,798)
<b>Ending balance</b>	<b>75,065,605</b>	<b>75,372,392</b>

- The mutual insurance fund was established based on Article (54) - paragraph (D/3) of the Banks Law No. (28) for the year 2000.
- Prior approval of the Central Bank of Jordan must be obtained in case of any changes to the mutual insurance fund policies.
- In case of discontinuing the mutual insurance fund for any reason, the Board of Directors shall determine the way of spending the fund's sources for charity.
- The Central Bank of Jordan approved considering the Mutual Insurance Fund as mitigating risk exposure according to its letter No. (10/1/12160) dated 9 October 2014.
- Compensation payment for the subscriber is made from the Fund as determined by the Bank from the subscriber's outstanding debt insured in Murabaha or in any other form of deferred sales or as determined by the Bank from the debt and/or the remaining amount from the Ijarah asset in the following cases:
  - Death of subscriber.
  - The subscriber's physical disability, fully or partially.
  - The subscriber's insolvency due to lack of income sources for at least one year, without having an assets or possessing the leased estate to settle his debt and has no opportunity to obtain income source in the upcoming year that enable the debtor to settle his debt or to continue in the finance lease.

Mutual insurance fund balance is allocated as follows:

Description	31 December 2019	31 December 2018
	JD	JD
Ending balance	75,065,605	75,372,392
Expected credit loss for deferred sales receivables (note 7)	(18,334,955)	(14,440,599)
Expected credit loss for Ijarah Muntahia Bittamleek receivables (note 7)	(665,045)	(328,020)
Expected credit loss of Al wakala Bi Istithmar for deferred receivables and Ijarah Muntahia Bittamleek receivable (Investment Portfolio)	(3,000,000)	-
Excess of mutual insurance fund	53,065,605	60,603,773

- The expected credit loss of deferred sales receivables and Ijarah Muntahia Bittamleek receivables included in the mutual insurance fund was computed starting from 31 December 2014 in accordance to the approval of the Central Bank of Jordan.
- As of the beginning of 2018, the group has applied the accrual basis instead of cash basis with regards to insurance premiums received from subscribers, additionally, it was approved to increase the ceiling of coverage to become JD 150 thousand instead of JD 100 thousand.
- Mutual insurance fund covers financing granted by Bank (financing granted from joint investment account and Al Wakala Bi Al Istithmar accounts (investments portfolio).

#### Subsidiaries expected credit loss

Description	31 December 2019	31 December 2018
	JD	JD
Al Samaha Funding and Investment Company Ltd. - (Note 7)	485,783	485,327
Al Omariah Schools Company Ltd. - (Note 7)	595,236	604,118
<b>Total</b>	<b>1,081,019</b>	<b>1,089,445</b>

### 31. Paid-In Capital:

The authorized and paid-in capital amounted to JD 200 million as at 31 December 2019 (2018: JD 180 million) consisting of 200 million shares (2018: 180 million shares).

### 32. Reserves

#### Statutory reserve:

The accumulated amounts in this account represent the transferred 10% of annual profits before taxes during the current and previous years, in accordance with Banks Law. This reserve is not available for distribution to shareholders.

**Voluntary reserve:**

The accumulated amounts in this account represent the transferred 20% of annual profits before taxes during the current and previous years and is used for purposes determined by the Board of Directors. General Assembly is entitled to fully or partially distribute the reserve as dividends.

Restricted reserves are as follows:

Description	JD	Nature of Restriction
Statutory reserve	92,879,300	Banks Law

**33. Retained earnings**

The item consists of the following:

Description	31 December 2019	31 December 2018
	JD	JD
Balance at the beginning of the year	89,765,833	85,577,364
Effect of IFRS (9) adoption	-	(4,540,108)
Transfer from General Banking Risk Reserve	-	1,000,000
Balance after IFRS (9) adoption	89,765,833	82,037,256
Profit after income tax	54,349,292	49,807,927
Transferred to statutory reserve	(8,860,903)	(7,547,017)
Transferred to voluntary reserve	(8,859,677)	(7,532,333)
Dividends distributed to shareholders	(27,000,000)	(27,000,000)
Transferred to increase capital	(10,000,000)	-
<b>Balance at the end of the year</b>	<b>89,394,545</b>	<b>89,765,833</b>

**Proposed Dividends**

Proposed cash dividends to be distributed to shareholders for the year is 15 % of the paid-in capital with an amount of JD 30 million. The Central Bank of Jordan issued circular No. 1/1/4693 dated 9 April 2020, in which the central bank of Jordan decided to postpone the Jordanian banks' distribution of dividends to shareholders for the year 2019. While in the year 2018, the Group distributed 15% of the paid-in capital with amount of JD 27 million and distributed stock dividends with a percentage of 11.11% of the 2018 paid-in capital.

### 34. Deferred sales revenues

This item consists of the following:

Description	Joint		Self-financed		Total	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	JD	JD	JD	JD	JD	JD
Individuals (Retail):						
Murabaha to the purchase orderer	43,666,084	50,852,499	-	-	43,666,084	50,852,499
Deferred sales	677,725	533,958	-	-	677,725	533,958
Ijarah Mawsoofa Bil Thimma	401,251	319,196	-	-	401,251	319,196
Istisna'a	26,670	-	-	-	26,670	-
Real Estate Financing	38,397,816	36,582,571	6,000	8,000	38,403,816	36,590,571
Corporate:						
International Murabaha	977,394	732,223	-	-	977,394	732,223
Istisna'a	666,031	68,340	-	-	666,031	68,340
Murabaha to the purchase orderer	18,612,894	17,469,611	-	-	18,612,894	17,469,611
Deferred sales	759	275	-	-	759	275
Small and Medium Enterprises:						
Murabaha to the purchase orderer	8,802,967	8,416,820	-	-	8,802,967	8,416,820
Istisna'a	16,798	-	-	-	16,798	-
Deferred sales	926	1,788	-	-	926	1,788
Government and public sector	27,748,549	23,815,365	-	-	27,748,549	23,815,365
<b>Total</b>	<b>139,995,864</b>	<b>138,792,646</b>	<b>6,000</b>	<b>8,000</b>	<b>140,001,864</b>	<b>138,800,646</b>

### 35. Financing revenues

This item consists of the following:

Description	Joint		Self-financed		Total	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	JD	JD	JD	JD	JD	JD
Individuals (Retail):						
Diminishing Musharaka	463,995	442,805	3,876	4,580	467,871	447,385
Corporate						
Diminishing Musharaka	81,764	-	-	-	81,764	-
<b>Total</b>	<b>545,759</b>	<b>442,805</b>	<b>3,876</b>	<b>4,580</b>	<b>549,635</b>	<b>447,385</b>

### 36. Gain from financial assets at fair value through the joint investment accounts holders' equity

This item consists of the following:

Description	Joint	
	31 December 2019	31 December 2018
	JD	JD
Dividends income	776,629	918,795
<b>Total</b>	<b>776,629</b>	<b>918,795</b>

### 37. Gain from financial assets at amortized cost

The item consists of the following:

Description	Joint	
	31 December 2019	31 December 2018
	JD	JD
Islamic Sukuk	7,829,918	3,704,657
Islamic banks portfolio revenues	308,785	35,386
<b>Total</b>	<b>8,138,703</b>	<b>3,740,043</b>

### 38. Dividends from subsidiaries and associates

This item consists of the following:

Joint	Ownership percentage	Distribution percentage	Distributed dividends	
			31 December 2019	31 December 2018
			JD	JD
<b>Subsidiaries</b>				
Al Samaha Financing and Investment Company Ltd.	100	5.0	600,000	-
Al Omariah Schools Company Ltd	99.4	5.0	637,722	765,266
Future Applied Computer Technology Company Ltd.	100	6.0	299,250	-
<b>Associates</b>				
Jordanian Center for International Trading Co.	28.4	7.0	67,480	86,760
Islamic Insurance Co.	33.3	6.0	300,000	400,000
<b>Total</b>			<b>1,904,452</b>	<b>1,252,026</b>



### 39. Revenues from investments in real estate

This item consists of the following:

Description	Joint	
	31 December 2019	31 December 2018
	JD	JD
Realized gain from investments in real estate	953,271	1,511,676
<b>Total</b>	<b>953,271</b>	<b>1,511,676</b>

### 40. Revenues from Ijarah Muntahia Bittamleek assets

This item consists of the following:

Description	Joint	
	31 December 2019	31 December 2018
	JD	JD
Ijarah Muntahia Bittamleek	42,249,023	43,075,593
<b>Total</b>	<b>42,249,023</b>	<b>43,075,593</b>

### 41. Revenues from other investments

The item consists of the following:

Description	31 December 2019	31 December 2018
	JD	JD
Revenue from investment deposits at Islamic financial institutions	2,167,442	2,024,904
<b>Total</b>	<b>2,167,442</b>	<b>2,024,904</b>

## 42. Net income of subsidiaries

This item consists of the following:

Description	31 December 2019	31 December 2018
	JD	JD
<b>Revenues</b>		
School instalments and transportation	10,169,413	10,085,865
Al Wakala Bi Al Istithmar (Investment portfolio)	298,719	276,890
Finance revenues	1,259,422	1,389,156
Projects revenues	1,944,802	2,347,123
Other revenues	372,413	376,691
<b>Total Revenues</b>	<b>14,044,769</b>	<b>14,475,725</b>
<b>Expenses</b>		
Administrative expenses	(9,946,253)	(9,826,523)
Depreciation	(1,088,624)	(1,048,911)
Provision for expected credit loss	(456)	(17,143)
Other expenses	(1,696,897)	(1,544,154)
<b>Total expenses</b>	<b>(12,732,230)</b>	<b>(12,436,731)</b>
<b>Net income</b>	<b>1,312,539</b>	<b>2,038,994</b>

## 43. Share of unrestricted investment accounts holders':

This item consists of the following:

Description	31 December 2019	31 December 2018
	JD	JD
Banks and financial institutions	282,957	104,600
Customers:		
Saving accounts	5,347,601	5,330,900
Notice accounts	224,893	543,300
Term accounts	46,630,637	45,649,769
<b>Total</b>	<b>52,486,088</b>	<b>51,628,569</b>

#### 44. Bank's share of the joint investment accounts revenues as Mudarib and Rab Mal

The item consists of the following:

Description	31 December 2019	31 December 2018
	JD	JD
Bank's share as Mudarib	95,490,789	86,494,507
Bank's share as fund owner (Rab Mal)	39,491,756	34,459,563
<b>Total</b>	<b>134,982,545</b>	<b>120,954,070</b>

#### 45. Bank's self- financed revenues

This item consists of the following:

Description	31 December 2019	31 December 2018
	JD	JD
Deferred sales revenues – (Note 34)	6,000	8,000
Financing revenues – (Note 35)	3,876	4,580
Dividend from financial assets at the fair value through owner's equity	21,347	13,384
<b>Total</b>	<b>31,223</b>	<b>25,964</b>

#### 46. Bank's share of restricted investment revenues as Mudarib and Wakeel:

This item consists of the following:

Description	Wakeel	Mudarib	Wakeel	Mudarib
	31 December 2019		31 December 2018	
	JD	JD	JD	JD
Restricted investment revenues	-	1,633,035	-	1,263,897
Less: Share of restricted investment accounts holders'	-	(1,265,291)	-	(1,041,710)
<b>Net</b>	<b>-</b>	<b>367,744</b>	<b>-</b>	<b>222,187</b>
Al Wakala Bi Al Istithmar revenues	3,220,526	-	1,928,179	-
Less: share of Al Wakala Bi Al Istithmar accounts holders'	(2,560,229)	-	(1,205,112)	-
<b>Net</b>	<b>660,297</b>	<b>-</b>	<b>723,067</b>	<b>-</b>
Al Wakala Bi Al Istithmar revenues (Investment portfolio)	20,561,441	-	18,837,521	-
Less: share of Al Wakala Bi Al Istithmar accounts holders' (Investment portfolio)	(15,766,381)	-	(16,284,215)	-
<b>Net</b>	<b>4,795,060</b>	<b>-</b>	<b>2,553,306</b>	<b>-</b>
<b>Total</b>	<b>5,455,357</b>	<b>367,744</b>	<b>3,276,373</b>	<b>222,187</b>

## 47. Banking services revenues

This item consists of the following:

Description	31 December 2019	31 December 2018
	JD	JD
Letters of credit commissions	616,572	703,782
Guarantees commissions	2,639,027	2,691,319
Collection bills commission	459,252	466,120
Transfers commission	779,392	675,938
Salary transfer commission	4,626,066	4,387,276
Returned cheques commission	1,974,140	1,542,844
Account management commission	836,853	960,105
Cheques books commission	327,417	299,592
Foreign currencies cash deposits commission	81,120	83,825
Brokerage commission	242,874	288,033
Cheques collection commission	98,544	103,743
Credit cards commission	5,502,233	5,012,065
Other commissions	2,109,689	1,882,644
<b>Total</b>	<b>20,293,179</b>	<b>19,097,286</b>

## 48. Foreign currency gain

This item consists of the following:

Description	31 December 2019	31 December 2018
	JD	JD
Resulting from trading	589,946	708,851
Resulting from valuation	1,488,856	858,242
<b>Total</b>	<b>2,078,802</b>	<b>1,567,093</b>

## 49. Other incomes

The item consists of the following:

Description	31 December 2019	31 December 2018
	JD	JD
Rents	117,190	71,692
Bonded revenues	269,700	380,207
Postage and telephone	405,174	371,640
Safe box leasing	262,113	237,081
Others	1,237,914	847,233
<b>Total</b>	<b>2,292,091</b>	<b>1,907,853</b>

## 50. Employees expenses

This item consists of the following:

Description	31 December 2019	31 December 2018
	JD	JD
Salaries, benefits and allowances	32,034,855	31,594,370
Bank's contribution in Social Security	3,876,367	3,739,606
Medical expenses	3,159,078	3,106,973
Training expenses	148,102	225,514
Per diem	162,614	169,102
Meals	133,947	156,208
End of service benefits	1,681,474	1,588,907
Takaful insurance	241,480	237,352
<b>Total</b>	<b>41,437,917</b>	<b>40,818,032</b>

## 51. Other expenses

This item consists of the following:

Description	31 December 2019	31 December 2018
	JD	JD
Postage and telephone	1,744,143	1,512,894
Printings and stationery	1,346,881	1,404,867
System maintenance and licenses	3,087,174	3,381,436
Credit Cards	2,206,978	2,151,266
Paid rent	35,598	2,062,320
Water, electricity and heating	1,484,830	1,844,315
Repair, maintenance and cleaning	1,911,124	1,781,583
Insurance premiums	844,711	809,082
Travel and transportation	1,355,855	1,183,072
Legal and consulting fees	477,792	383,103
Professional fees	126,170	113,770
Subscriptions and memberships	1,339,260	723,343
Donations	810,751	1,032,074
Licenses, governmental fees and taxes	1,001,199	839,395
Hospitality	158,366	180,592
Advertising and promotion	1,317,180	1,582,011
Saving accounts rewards	145,000	144,650
Board committees remunerations	131,000	84,000
Master card and visa accounts rewards	226,309	235,166
Board members remunerations	55,000	66,160
Investor protection fund	-	9,991
Overdraft accounts coverage	286,182	237,068
Deposit insurance subscription fees	2,474,879	-
Cheques collection	197,183	-
Lease obligation cost	748,158	-
Others	1,258,743	787,692
<b>Total</b>	<b>24,770,466</b>	<b>22,549,850</b>

## 52. Other provisions

The item consists of the following:

Description	31 December 2019	31 December 2018
	JD	JD
End of service indemnity provision	617,731	300,000
Legal cases held against bank provision	-	75,000
Employees' vacation provision	100,000	150,000
<b>Total</b>	<b>717,731</b>	<b>525,000</b>

## 53. Basic earnings per share (EPS)

The item consists of the following:

Description	31 December 2019	31 December 2018
Profit for the year after income tax (JD)	54,349,292	49,807,927
Weighted average number of shares	200,000,000	200,000,000
Basic earnings per share (JD/Fils)	0.272	0.249

## 54. Cash and cash equivalents

This item consists of the following:

Description	31 December 2019	31 December 2018
	JD	JD
Cash and balances with Central Banks maturing within 3 months	906,069,815	876,086,318
Add: Balances at banks and financial institutions maturing within 3 months	70,084,087	94,005,596
Less: Balances at banks and financial institutions maturing within 3 months	(4,670,837)	(8,241,356)
<b>Total</b>	<b>971,483,065</b>	<b>961,850,558</b>

## 55. Restricted investments

This item consists of the following:

Description	Real estate trading		International Murabaha		Deferred sales receivables		Ijarah Muntahia Bittamleek		Cash balances		Total	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Beginning balance	311,641	311,641	14,404,109	18,117,602	6,284,280	4,275,619	11,865,509	8,022,560	3,932,356	841,341	36,797,895	31,568,763
Deposits	-	-	9,325,613	2,089,331	3,184,697	2,180,535	3,560,134	6,066,261	4,079,458	6,888,627	20,149,902	17,224,754
Withdrawals	-	-	(3,320,227)	(5,939,509)	(1,480,963)	(450,654)	(1,570,679)	(2,849,557)	(6,485,576)	(3,797,612)	(12,857,445)	(13,037,332)
Investment profits	-	-	494,556	243,854	399,895	315,501	738,584	704,542	-	-	1,633,035	1,263,897
Bank's fees as Mudarib	-	-	(238,929)	(107,169)	(46,658)	(36,721)	(82,157)	(78,297)	-	-	(367,744)	(222,187)
Ending balance	311,641	311,641	20,665,122	14,404,109	8,341,251	6,284,280	14,511,391	11,865,509	1,526,238	3,932,356	45,355,643	36,797,895
Less: suspended deferred profits	-	-	-	-	(1,251,138)	(965,346)	-	-	-	-	(1,251,138)	(965,346)
Less: Mutual Insurance fund	-	-	-	-	(546,156)	(258,232)	-	-	-	-	(546,156)	(258,232)
Ending balance, Net	311,641	311,641	20,665,122	14,404,109	6,543,957	5,060,702	14,511,391	11,865,509	1,526,238	3,932,356	43,558,349	35,574,317



## 56. Al Wakala Bi Al Istithmar (Investments Portfolio)

This item consists of the following:

Description	Financial assets through comprehensive income statement		Financial assets through income statement		Real estate trading		Deferred sales receivables		Ijarah Muntahia Bittamleek		Cash balances		Total	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Beginning balance	-	-	30,820,426	34,195,155	35,307,948	25,450,322	267,062,292	58,328,090	58,256,202	14,748,806	19,816,958	393,875,230	414,638,555	
Number of investment units at beginning of the year	-	-	-	-	-	-	-	-	-	-	-	825,910	703,169	
Value of investment units at beginning of the year	-	-	-	-	-	-	-	-	-	-	-	412,955,000	351,584,500	
Deposits	28,813,317	-	1,963,756	195,169	1,238,549	375,040	104,822,970	52,364,179	18,792,184	126,817,459	117,438,348	282,448,235	176,810,923	
Withdrawals	(750,067)	-	(31,825,461)	(1,500,300)	(2,715,835)	(471,103)	(73,719,223)	(79,200,928)	(10,854,022)	(106,369,802)	(122,506,500)	(226,234,410)	(213,858,463)	
Investment profits (losses)	16,677	-	(958,721)	(2,033,050)	405,986	329,626	16,549,258	16,223,494	4,548,241	4,317,451	-	20,561,441	18,837,521	
Bank's Fees as Wakeel	-	-	-	(36,548)	(187,646)	(65,925)	(3,394,902)	(1,946,715)	(1,212,512)	(504,118)	-	(4,795,060)	(2,553,306)	
Total	28,079,927	-	-	30,820,426	34,216,640	35,475,586	298,760,425	254,502,322	69,601,981	58,328,090	35,196,463	465,855,436	393,875,230	
Less: deferred profits	-	-	-	-	-	-	(39,563,722)	(27,328,217)	-	-	-	(39,563,722)	(27,328,217)	
Less: Deferred mutual insurance	-	-	-	-	-	-	(1,199,429)	(692,166)	-	-	-	(1,199,429)	(692,166)	
Less: expected credit loss provision	-	-	-	-	-	-	(9,122,910)	(7,706,365)	-	-	-	(9,122,910)	(7,706,365)	
Ending balance, Net	28,079,927	-	-	30,820,426	34,216,640	35,475,586	248,874,364	218,775,574	69,601,981	58,328,090	35,196,463	415,969,375	358,148,482	
Number of investment units at end of year	-	-	-	-	-	-	-	-	-	-	-	825,910	703,169	
Value of investment units at end of year	-	-	-	-	-	-	-	-	-	-	-	412,955,000	351,584,500	
Investment risk reverse	-	-	-	-	-	-	2,221,492	-	-	-	-	2,221,492	-	
Profit reserve	-	-	-	1,963,542	-	-	-	-	-	-	-	-	1,963,542	
Fair value reserve	(347,224)	-	-	-	812,772	2,826,233	-	-	-	-	-	465,548	2,826,233	
Deferred tax liabilities	(212,815)	-	-	-	498,150	1,732,207	-	-	-	-	-	285,335	1,732,207	
Other liability	-	-	-	-	42,000	42,000	-	-	-	-	-	42,000	42,000	
<b>Ending Balance</b>	<b>(560,039)</b>	<b>-</b>	<b>-</b>	<b>1,963,542</b>	<b>1,352,922</b>	<b>4,600,440</b>	<b>2,221,492</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>415,969,375</b>	<b>358,148,482</b>	

## 57. Al Wakala Bi Al Istithmar

This item consists of the following:

Description	31 December 2019	31 December 2018
	JD	JD
Al Wakala Bi Al Istithmar accounts – Baraka Group	44,064,464	43,820,455
Al Wakala Bi Al Istithmar accounts – Central Bank of Jordan	16,080,646	18,108,306
Investment in Wakala – Islamic Insurance Company	1,286,609	1,286,609
<b>Total</b>	<b>61,431,719</b>	<b>63,215,370</b>

- Wakala investments accounts represent cash amounts deposited at the Bank that are managed and invested in accordance with Islamic Shari'a compliant investment modes agreed upon with the Muwakkil in exchange of a lump sum or percentage of the invested funds mentioned in Wakala contract. Any losses incurred shall be borne by the Muwakkil unless arising from the Bank's (Wakeel) negligence or misconduct.
- The Bank's fee is 1% - 1.25% annually.

## 58. Related parties transactions

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

Company Name	Ownership	Paid - in Capital	
		31 December 2019	31 December 2018
		JD	JD
Al Omariah Schools Company Ltd.	99.4%	16,000,000	12,825,000
Al Samaha Financing and Investment Company Ltd.	100%	12,000,000	12,000,000
Future Applied Computer Technology Company Ltd.	100%	5,000,000	5,000,000
Sanabel Al-Khair for Financial Investments Company Ltd.	100%	5,000,000	5,000,000

- The Bank entered into transactions with the parent Company, subsidiaries, associates, major shareholders, board members and senior executive management within the Bank's ordinary course of business using normal Murabaha rates and commercial commissions. All deferred sales receivables, financing and Ijarah Muntahia Bittamleek granted to related parties are considered performing and within the first stage.

Below is a summary of transactions with related parties:

Description	Related parties				Total	
	Parent Company	Associates	Subsidiaries	Board members and Senior Executive management	31 December 2019	31 December 2018
	JD	JD	JD	JD	JD	JD
Consolidated statement of financial position items:						
Deferred sales receivables	-	1,489,936	2,397,784	8,456,447	12,344,167	9,921,567
Financing of employees housing/ Musharaka	-	-	-	1,245,098	1,245,098	1,493,978
Musharaka financing	-	-	-	-	-	1,437,300
Deposits	79,551	5,965,545	3,451,050	2,017,977	11,514,123	12,717,431
Off consolidated statement of financial position items:						
Guarantees and Letters of credit	-	34,750	773,833	3,129,990	3,938,573	2,840,754

Description	31 December 2019	31 December 2018
Consolidated income statement items:		
Paid expenses	-	10,794,914
Received revenues	24	314,051
Paid Profits	-	160,886

- Murabaha rate on granted financing ranged between 4% - 5.5% annually as at 31 December 2019 (2018: 4% - 5.5%).
- Musharaka profit rate of financing granted to the employees ranged between 2% - 4.8% annually as at 31 December 2019 (2018: 2% - 4.8%).
- Guarantees commission rate ranged between 1% - 4% annually as at 31 December 2019 (2018: 1% - 4%). Letters of credit commission rate ranged between 1/4% - 3/8% quarterly as at 31 December 2019 (2018: 1/4% - 3/8% quarterly).
- Individuals and corporate deposits profit's percentages equals to the related parties profit percentages.

Summary of the Bank's senior executive management benefits (salaries, remuneration and other benefits) were as follows:

Description	31 December 2019	31 December 2018
	JD	JD
Salaries, remunerations and transportation	3,201,282	3,273,462
End of service benefits	1,462,917	212,896
<b>Total</b>	<b>4,664,199</b>	<b>3,486,358</b>

## 59. Fair value of financial instruments

The Bank uses the following order of valuation methods and alternatives to determine and present the fair value of the financial instruments:

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

The table below illustrate the analysis of the financial instruments measured at fair value according to the aforementioned order:

31 December 2019	First Level	Second Level	Third Level	Total
Financial assets at fair value through joint investment accounts holders' equity	JD	JD	JD	JD
Financial instruments	17,834,665	16,012,243	-	33,846,908

31 December 2018	First Level	Second Level	Third Level	Total
Financial assets at fair value through joint investment accounts holders' equity	JD	JD	JD	JD
Financial instruments	19,746,863	-	-	19,746,863

## 60. Fair value of financial assets and liabilities not measured at fair value in the consolidated financial statements

As disclosed in notes (11), the financial instruments includes unquoted financial assets amount to JD 3,076,921 which are stated at cost as the Bank cannot reliably determine its fair value. No indication of impairment exist.

## 61. Risk Management

- The Bank undertakes the risk management function through a comprehensive risk management framework approved by the Bank's Board of Directors. The goal of risk management is to establish a safe business environment in order to pursue the Bank's strategic objectives
- Our bank manages its various banking risks by following comprehensive risk management procedures, including appropriate oversight by the Board of Directors and senior management in order to identify, measure, follow-up and monitor the relevant risk categories and prepare reports on them, and maintain where necessary capital is sufficient to address these risks. These procedures take into account appropriate steps to comply with the provisions and principles of Islamic Sharia.

**The risks that our bank may be exposed to are managed according to the general provisions for managing the risks approved by the Board of Directors according to the following principles:**

1. Manage risk through a central, non-executive, independent of business and business support departments, which is the risk management department.
2. Use the three defense lines model to manage risks in our bank, so that it is the first line of defense from the business and support departments, which is the body responsible for the risks to which our bank may be exposed (Risk Owners) and the application of approved controls, and the second line of defense from the Risk Management Department Which defines the controls necessary for risk management in cooperation with the Compliance Control Department and the Internal Control Department, the third line of defense from the Internal Audit Department and the Internal Sharia Audit Department that ensures the application of the controls and their effectiveness.
3. Identify risks that our bank might be exposed to and determining the material risks based on the materiality test that is carried out by the Risk Management Department.
4. Determining the acceptable level of risk for all material risks that our bank may be exposed to, and it is prohibited to exceed it under any circumstances except with the approval of the Board of Directors.
5. Using highly efficient measurement methods to measure all material risks and determine the capital required.
6. Monitor all risks that our bank may be exposed to on an ongoing basis, and prepare the risk profile in accordance with the type of risk and the degree of its materiality.
7. Use of internal control and control systems.
8. Applying the requirements of the Basel Committee on Banking Supervision Standards and best professional practices in risk management.
9. Disseminating culture of risk management for all the different administrative levels in our bank.

**The main objective of our bank's risk management is to provide a safe business environment that works to achieve our bank's strategic objectives, by achieving a set of goals as follows:**

### 1. Capital:

- Maintaining a safe level of capital through adhering to the minimum levels of capital adequacy in accordance with the instructions of the Central Bank of Jordan.
- Maintaining high and high quality capital capable of absorbing losses at any time and in accordance with the requirements of Basel 3 and the relevant Central Bank of Jordan instructions.

- Leverage ratio remains within safe levels by adhering to the minimum level in accordance with the instructions of the Central Bank of Jordan.

## **2. Quality of Assets:**

- The percentage of Non-Performing accounts remains within the limits set by the Board of Directors.
- The absence of a concentration that exceeds the limits approved at the level of the customer / investment / economic sector / period.

## **3. Liquidity:**

- Having sufficient levels of liquidity to meet the needs of customers in normal and stress conditions.
- Commitment to the minimum levels of the legal liquidity ratio for total currencies, the Jordanian dinar, the liquidity coverage ratio, and the net stable funding ratio.

## **4. Internal Control and Control Systems:**

- Meet the requirements mentioned in the Central Bank of Jordan instructions related to the internal control and control systems.
- Reviewing the operations carried out in our bank and ensuring that the necessary controls are specified in a manner commensurate with the approved risk appetite and the nature and size of risks that our bank may be exposed to.

## **5. An effective risk management reporting system:**

- Commitment to what was mentioned in the instructions of the Central Bank of Jordan regarding dealing with domestic systemically important banks (D-SIB's) regarding data and preparing reports on risk management issued by the Basel Committee for Banking Supervision.
- The Risk Management Department reports directly to the Risk Management Committee of the Board of Directors and indirectly to the CEO / General Manager of the Bank, and defines the responsibilities of the Risk Management Department according to the following:
  1. Supervising the stages of the risk management process in our bank.
  2. Identify the risks that our bank might be exposed to and evaluating them to determine the material risks.
  3. Preparing material risk policies that include approved risk appetite and risk management strategies.
  4. Define risk management strategies according to the type of risk, its size and the acceptable level for each of them, taking into account the levels of capital, liquidity and human resources available in terms of the efficiency and adequacy of staff to manage the risks to which our bank may be exposed.
  5. Use and develop high-efficiency measurement methods to measure all material risks and determine the required capital.
  6. Analyzing the operations carried out in our bank and ensuring that the necessary controls are determined in proportion to the approved risk appetite and the type and size of risks.
  7. Monitor the risks that our bank may be exposed to on an ongoing basis, and prepare the risk structure according to the type of risk and the degree of its materiality.
  8. Supervising Enterprise Risk Management Solutions (ERM).

### Limits of Acceptable Risk:

- Our Bank determines the acceptable level of risks and is approved by the Board of Directors, and the actual level is monitored and compared to the acceptable level of risk on regular intervals and is considered one of the most important elements of governance in the risk management process, and is in line with the business model adopted by our Bank.

## Quantitative and qualitative disclosures:

### Managing Credit risk:

The main activity of our bank is the granting of funds and providing banking services to various customers. As a result, our bank is exposed to credit risk, which is defined as the inability or willingness of the customer to fulfill his contractual obligations to the bank. Credit risks are the main risks to which our bank is exposed to, which requires the availability of resources to manage these risks effectively.

Credit risk management based on several principles, most notably:

1. The segregation of duties between business, credit, and entities granting facilities in the core banking system.
2. Clearly define the criteria for granting credit to all customers in the credit policy, according to the nature of the customer.
3. Preparing the due diligence study for all credit applications, regardless of the nature of the customer, the amount of financing, the size and type of credit risk mitigations.
4. Determine the profit rate on facilities based on the degree of risk to which our bank is exposed.
5. Determine the matrix of authorities granted to all related parties to the credit approval process according to the nature of the customer.
6. Determine the role of all entities related to the credit approval process according to the nature of the customer, in a manner that enhances corporate governance for managing credit risk.
7. Implement the requirements of the Basel Committee on Banking Supervision Standards and Best Professional Practices in Credit Risk Management in line with the instructions of the Central Bank of Jordan in particular.

### Credit study, Control and Follow-up:

- The credit application is prepared by the business departments, and the credit department makes due diligence in studying credit applications, and then the credit application is presented to the credit authority body, in order to achieve the principle of segregation of duties.
- The evaluation of customers of large, small and medium entities and high net worth individuals through the internal credit rating system (Moody's), at the level of the Obligor Risk Rating (ORR), and at the level of Facility Risk Rating (FRR).
- The customer level credit rating (ORR) represents the creditworthiness of the customer and reflects the probability of default (PD).
- The credit rating at the level of Facility Risk Rating (FRR) represents the quality of the credit risk mitigations provided by the customer, which reflects the loss given default ratio (LGD).

## **International Financial Reporting Standard (IFRS9)**

### **Internal credit rating system:**

- Our bank has an internal rating system to improve the quality of the credit process, as the classification process relies on “operational” qualitative and “financial” quantitative criteria to assess the creditworthiness of customers.
- The credit rating system aims to:
  - Improving the quality of the credit decision by relying on the internal credit rating.
  - Calculate the customer probability of default.
  - Pricing credit facilities in a manner consistent with the size of the risks to which our bank is exposed.
  - Measuring the credit risks to which our bank exposed to in a standard way at the customer level and at the level of the credit portfolio.
  - Improving the quality of the credit portfolio by setting the limits on the credit portfolio according to the internal credit classification.
  - Monitor the credit portfolio through the internal credit rating.

### **Internal Credit Rating System mechanism:**

- Rating process done through basic inputs such as financial data and through the qualitative data of the customers.
- Ensure that customer data updated at least annually.
- Calculating Expected Credit Losses (ECL) on financial instruments mechanism:
  - The external rating of the international rating agencies was adopted to calculate the probability of default for the financial instrument, and the loss given default was calculated based on the best professional practices in this field so that the geographical distribution, the economic sector and the capital structure of the issuing body are taken.

### **Scope of application / expected credit loss:**

- The expected credit loss measurement model was applied to our bank according to the requirements of the standard as follows:
  1. Direct and indirect credit facilities.
  2. Sukuk recorded at amortized cost.
  3. Islamic finance products that bear the characteristics of debt (principal and return).
  4. Credit exposures to banks and financial institutions.
  5. Ijara receivables.

## **Governance of application of the requirements of International Financial Reporting Standard 9:**

### **1. Board of Directors**

Our bank's board of directors and committees roles represented in the following:

- Approve the methodology of applying the standard and related policies.
- Approve the business model through which the objectives and principles of acquisition and classification of financial instruments are determined.
- Ensuring the existence and implementation of effective control systems through which the roles of the related parties are defined.



- Ensure the availability of infrastructure to ensure the application of the standard that includes (human resources / internal credit rating systems / automated systems to calculate expected credit losses, etc.), so that it is able to reach the results that ensure adequate hedging against expected credit losses.

## 2. Executive Management

The role of the executive management is as follows:

- Preparing the methodology for applying the standard according to the requirements of the regulatory authorities.
- Preparing the business model in accordance with the bank's strategic plan.
- Ensure compliance with the approved methodology for applying the standard.
- Supervising the systems used to implement the standard.
- Calculating the necessary provisions to meet the expected credit losses according to the instructions of the Central Bank of Jordan.
- Monitor the size of the expected credit losses and ensure the adequacy of its provisions.
- Preparing the required reports for the relevant authorities.
- Communicate with the company providing the system with any updates that may occur to the calculation forms and tools or any other inquiries in particular.

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

### Default Definition:

The concept of default has been defined for the purposes of applying the standard as follows:

1. The presence of past dues on the customer for a period of 90 days or more, or the presence of clear indicators of their near default or bankruptcy.
2. Delay in the payment of profits and / or principal of the sukuk by the issuer of the sukuk for a period of 90 days or more.
3. Default of the banks whose our bank maintains balances.

### 1. Calculating Probability of Default:

Probability of default (PD):

- The percentage of the debtor's probability of default or delay in fulfilling the payment of installments or obligations on the specified dates within the next 12 months.

A. Individual Basis:

#### Banks and financial institutions:

- The external credit rating used by international rating agencies is used, which expresses the probability of default through the economic cycle (PD TTC).
- Large, medium and small companies and high net worth individuals:
- The probability of default through the economic cycle (PD TTC) is extracted from the internal credit rating system.
- The probability of default through the economic cycle (PD TTC) is converted to probability of default to a specific point in time (PD PIT), using the system provided by the system provider.

**B. Collective Basis:**

The probability of default (PD PIT) calculated using the system provided by the provider company with analysis of historical data and additional data on customers such as gender, education, age and period of dealing with our bank, etc.

**Calculating Exposure at Default:****A. Direct credit facilities**

The credit exposure value has been calculated at default, equal to the balance of the credit facilities (drawn and undrawn) as at the date of the financial statements.

**B. Indirect Credit Facilities:**

The credit exposure value was calculated at default, equal to the full indirect credit facilities (drawn and undrawn) without applying any credit conversion factor (CCF).

**Calculating Loss Given Default:****A. Banks and Financial Institutions:**

Loss given default for banks and financial institutions has been calculated by the RiskCalc LGD Model provided by the system provider.

**B. Large, medium and small companies and high net worth individuals:**

The model provided by the provider company was used to calculate the RiskCalc LGD Model, so that it is calculated in two parts:

- Part one: Collateralized Covered facilities
- Part Two: Non-Collateralized facilities According to the RiskCalc LGD Model.

**Determinants of the significant increase in credit risk in calculating expected credit losses:**

- Significant Increase in Credit Risk is determined by comparing the customer's current rating with the rating at the date the funds are granted, using Relative Staging Rules that determines the number of degrees of decline needed to classify accounts within the second stage or within The third stage of the initial classification date at the granting process is the common elements (specifications) that have been relied upon in measuring credit risk and expected credit loss on a Collective Basis.
- Common elements and specifications were determined based on the historical analysis of default in the collective portfolio and linked to economic indicators and qualitative specifications for customers, and then taking elements that have an impact on default indicators.

**The main economic indicators that were used in calculating the expected credit loss (ECL):**

The indicators differ according to the type of portfolio, and according to the qualitative specifications of the customers inside the portfolio.

**Scenarios used:**

Based on the variables of the Gross Domestic product and Amman Stock Exchange Index, three scenarios have been assumed to calculate the expected credit losses as follows:

Scenario	Weighting scenario
High economic growth scenario	30%
Basic scenario	40%
Low economic growth scenario	30%

1. Credit risk exposure (net of impairment provision and expected credit loss, deferred and suspended revenues, and before collaterals and other risk mitigation factors)

Description	Joint		Self-financed	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	JD	JD	JD	JD
Items within the consolidated statement of financial position:				
Balances with central banks	-	-	742,210,345	716,781,566
Balances with banks and financial institutions	37,441,638	52,412,097	32,550,024	41,503,393
Investment accounts with banks and financial Institutions	17,681,535	17,642,298	-	-
Deferred sales receivables and other receivables:				
Individuals	578,282,666	598,698,943	16,418,096	12,385,356
Real estate	366,101,059	384,168,659	93,894	137,922
Companies:				
Corporate	408,112,168	408,360,661	651,960	99,673
Small and Medium Enterprises (SMEs)	142,177,900	128,452,109	2,621,251	2,525,446
Government and public sector	751,045,190	527,673,810	3,172,056	3,004,464
Financing				
Musharaka:				
Individuals	-	-	44,085	44,085
Real estates	31,642,857	30,337,806	187,440	209,578
Corporate	-	2,112,320	-	-
Off consolidated statement of financial position items:				
Guarantees	-	-	119,719,170	116,550,843
Letters of credit	12,639,813	13,226,229	12,437,308	9,414,522
Acceptances	-	-	2,179,369	3,308,413
Unutilized limits-direct	114,205,450	109,094,793	-	-
Unutilized limits-indirect	-	-	59,743,127	70,352,098
<b>Total</b>	<b>2,459,330,276</b>	<b>2,272,179,725</b>	<b>992,028,125</b>	<b>976,317,359</b>

**Collaterals and other credit risk mitigation techniques against Credit Exposures:**

The quantity and quality of the required collaterals depends on the credit risk assessment of the counterparty. It is also possible to adjust or reduce the risk exposure related to the debtor, concerned party or any other obligor using the credit risk mitigation techniques applicable in the Islamic banks. These include (asset mortgage, third party guarantee, earnest money, cash margins, and shares mortgage).

**Credit risk mitigations against credit exposure in the aforementioned table were as follows:**

- Cash margins
- Bank guarantees
- Real estate collaterals
- Vehicles and machinery mortgages

2. Credit exposures of deferred sales receivables and other receivables and financing are distributed according to the risk degree as illustrated in following table:

Description	Joint										Self – financed														
	Individuals		Real estate financing		Companies		Government and public sector		Banks and other financial institutions		Total		Individuals		Real estate financing		Companies		Government and public sector		Banks and other financial institutions		Total		
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	
2019-																									
Low risk	3,986,150	-	26,298,815	1,097,806	879,184,944	-	-	114,846	-	-	910,567,715	114,846	-	-	3,172,056	742,210,345	745,497,247								
Acceptable risk	626,222,688	401,736,674	348,591,495	130,128,504	-	55,231,420	16,421,260	290,098	1,989,491	145,823	1,561,910,781	16,421,260	290,098	1,989,491	-	32,577,667	51,424,339								
Due: *																									
Up to 30 days	13,266	95,764	-	2,632	-	-	-	111,662	-	-	111,662	-	-	-	-	-	-	-	-	-	-	-	-	-	
From 31 to 60 Days	858,484	1,016,182	4,539,286	757,415	-	-	3,313	7,171,367	-	-	7,171,367	3,313	-	-	-	-	-	-	-	-	-	-	-	3,313	
Watch list	27,038,823	50,363,498	61,294,899	17,180,404	-	-	155,877,624	1,688,139	671,310	551,511	155,877,624	1,688,139	-	671,310	-	-	2,910,960								
Non performing:																									
Sub standard	2,704,278	1,595,111	-	715,510	-	-	5,014,899	257,700	38,947	-	5,014,899	257,700	-	38,947	-	-	296,647								
Doubtful	4,521,724	2,142,866	14,791,151	1,042,953	-	-	22,498,694	211,184	76,291	28	22,498,694	211,184	-	76,291	-	-	287,503								
Loss	25,946,529	32,117,368	12,894,664	15,932,407	-	-	86,890,968	1,210,287	824,927	14,315	86,890,968	1,210,287	-	824,927	-	-	2,049,529								
Total	690,420,192	487,955,517	463,871,024	166,097,584	879,184,944	55,231,420	2,742,760,681	19,903,416	3,600,966	711,677	2,742,760,681	19,903,416	290,098	3,600,966	3,172,056	774,788,012	802,466,225								
Less: deferred revenues	70,994,590	58,374,015	25,516,476	8,656,927	128,139,754	-	291,681,762	-	-	6,000	291,681,762	-	6,000	-	-	-	6,000								
Less:suspended revenues	5,585,554	1,977,433	2,185,547	1,287,305	-	-	11,035,839	-	-	-	11,035,839	-	-	-	-	-	-								
Defferd mutual insurance	7,034,743	3,574,671	-	-	-	-	10,609,414	-	-	-	10,609,414	-	-	-	-	-	-								
Less:Expected credit loss	28,522,639	26,285,482	28,056,833	13,975,452	-	108,247	96,948,653	3,441,235	2,764	59,717	96,948,653	3,441,235	2,764	97,715	-	27,643	4,511,074								
Net	578,282,666	397,743,916	408,112,168	142,177,900	751,045,190	55,123,173	2,332,485,013	16,462,181	281,334	651,960	2,332,485,013	16,462,181	281,334	2,621,251	3,172,056	774,760,369	797,949,151								

\* The whole receivable balance is considered payable if one instalment falls due.

Description	Joint								Self – financed							
	Individuals				Companies				Real estate financing				Total			
	JD	JD	JD	JD	Corporate	SMEs	Government and public sector	Banks and other financial institutions	Individuals	Real estate financing	Corporate	SMEs	Government and public sector	Banks and other financial institutions	Total	
2018-																
Low risk	2,224,901	-	62,535,408	1,008,521	601,486,612	-	667,255,442	-	-	-	-	-	3,004,464	716,781,566	719,786,030	
Acceptable risk	648,619,576	441,745,693	359,985,895	119,874,012	-	70,156,501	1,640,381,677	8,539,462	362,063	109,979	2,533,479	-	41,574,095	53,119,078		
Due: *																
Up to 30 days	27,134	2,838	-	11,822	-	-	41,794	143	-	-	-	-	-	-	143	
From 31 to 60 Days	802,875	1,508,711	3,481,613	1,032,499	-	-	6,825,698	20,714	-	-	-	-	-	-	20,714	
Watch list	22,105,105	30,502,651	18,552,795	12,404,374	-	-	83,564,925	4,369,162	-	-	-	-	-	-	4,369,162	
Non performing:																
Sub standard	3,300,042	2,046,499	-	956,065	-	-	6,302,606	162,476	-	-	-	-	-	-	162,476	
Doubtful	3,957,846	2,084,768	-	884,448	-	-	6,927,062	361,728	-	-	-	-	-	-	361,728	
Loss	26,880,221	36,886,370	14,997,592	18,458,015	-	-	97,222,198	2,173,771	-	-	-	-	-	-	2,173,771	
Total	707,087,691	513,265,981	456,071,690	153,585,435	601,486,612	70,156,501	2,501,653,910	15,606,599	362,063	109,979	2,533,479	3,004,464	758,355,661	779,972,245		
Less: deferred revenues	73,380,909	62,878,355	24,182,871	7,421,994	73,812,802	-	241,676,931	-	12,000	-	-	-	-	-	12,000	
Less:suspended revenues	5,072,691	2,434,091	2,295,464	1,577,850	-	-	11,380,096	-	-	-	-	-	-	-	-	
Deferred mutual insurance	3,921,451	1,998,018	-	-	-	-	5,919,469	-	-	-	-	-	-	-	-	
Less:Expected credit loss	26,013,697	31,449,052	19,120,374	16,133,482	-	102,106	92,818,711	3,177,158	2,563	10,306	8,033	-	70,702	3,268,762		
Net	598,698,943	414,506,465	410,472,981	128,452,109	527,673,810	70,054,395	2,149,858,703	12,429,441	347,500	99,673	2,525,446	3,004,464	758,284,959	776,691,483		

\* The whole receivable balance is considered payable if one instalment falls due

The below table illustrate the distribution of the fair value of the collaterals against deferred sales receivables, other receivables, and financing:

31 December 2019-	Joint						Self – financed							
	Individuals		Real estate financing		Companies		Government and public sector	Total	Individuals	Real estate financing	Companies		Government and public sector	Total
	JD	JD	JD	JD	Corporate	SMEs					JD	JD		
Collaterals against:														
Low risk	3,986,150	-	26,298,815	1,097,806	879,184,944	910,567,715	-	-	-	-	-	3,172,056	3,172,056	
Acceptable risk	335,286,326	221,843,598	192,816,486	81,818,649	-	831,765,059	5,267,343	290,098	34,916	1,440,331	-	-	7,032,688	
Watch list	24,656,902	29,868,629	31,838,249	15,092,781	-	101,456,561	972,859	-	-	658,980	-	-	1,631,839	
Non performing:														
Substandard	2,488,966	881,652	-	538,958	-	3,909,576	57,345	-	-	56	-	-	57,401	
Doubtful	3,146,620	876,630	4,534,329	1,009,522	-	9,567,101	28,038	-	-	9,368	-	-	37,406	
Loss	25,768,497	14,981,678	7,792,409	13,575,024	-	62,117,608	143,911	-	154	201,309	-	-	345,374	
Total	395,333,461	268,452,187	263,280,288	113,132,740	879,184,944	1,919,383,620	6,469,496	290,098	35,070	2,310,044	3,172,056	-	12,276,764	
Of which :														
Cash margins	3,986,150	-	-	1,097,806	-	5,083,956	29,949	-	-	2,300	-	-	32,249	
Acceptable bank guarantees	-	-	26,298,815	-	-	26,298,815	-	-	-	-	-	-	-	
Real estate	109,376,730	261,396,419	213,469,238	94,826,013	-	679,068,400	1,758,532	290,098	11,885	242,966	-	-	2,303,481	
Traded shares	-	-	1,803,053	221,369	-	2,024,422	3,329,279	-	-	2,010,556	-	-	5,339,835	
Vehicles and machinery	281,970,581	7,055,768	21,709,182	16,987,552	-	327,723,083	1,351,736	-	23,185	54,222	-	-	1,429,143	

31 December 2018-	Joint						Self – financed														
	Individuals		Real estate financing		Companies		Government and public sector		Total		Individuals		Real estate financing		Companies		Government and public sector		Total		
	JD		JD		JD		JD		JD		JD		JD		JD		JD		JD		
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	
Collaterals against:																					
Low risk	2,224,901	-	62,535,408	1,008,521	601,486,612	667,255,442	-	-	-	-	-	-	-	-	-	-	-	-	-	3,004,464	3,004,464
Acceptable risk	365,054,827	244,558,051	160,415,615	75,338,082	-	845,366,575	4,557,405	362,063	-	-	-	-	-	-	-	-	-	-	-	-	4,919,468
Watch list	22,449,583	15,219,431	7,324,176	10,655,142	-	55,648,332	3,045,400	-	-	-	-	-	-	-	-	-	-	-	-	-	3,045,400
Non performing:																					
Substandard	2,701,551	1,583,022	-	699,876	-	4,984,449	2,643	-	-	-	-	-	-	-	-	-	-	-	-	-	2,643
Doubtful	3,229,499	906,587	-	787,837	-	4,923,923	4,224	-	-	-	-	-	-	-	-	-	-	-	-	-	4,224
Loss	23,127,404	23,041,253	11,759,291	13,166,369	-	71,094,317	27,492	-	-	-	-	-	-	-	-	-	-	-	-	-	27,492
Total	418,787,765	285,308,344	242,034,490	101,655,827	601,486,612	1,649,273,038	7,637,164	362,063	-	-	-	-	-	-	-	-	-	-	-	-	11,003,691
Of which :																					
Cash margins	2,224,901	-	-	1,008,521	-	3,233,422	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acceptable bank guarantees	-	-	62,535,408	-	-	62,535,408	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real estate	114,277,446	277,931,950	164,407,570	87,263,705	-	643,880,671	1,416,330	362,063	-	-	-	-	-	-	-	-	-	-	-	-	1,813,393
Traded shares	-	-	1,340,734	-	-	1,340,734	5,343,012	-	-	-	-	-	-	-	-	-	-	-	-	-	5,343,012
Vehicles and machinery	302,285,418	7,376,394	13,750,778	13,383,601	-	336,796,191	877,822	-	-	-	-	-	-	-	-	-	-	-	-	-	877,822

**Scheduled deferred sales receivables and other receivables and financing:**

These represent receivables/finances which have been classified as non performing and were set aside in terms of the non performing receivables/finances in accordance with a legal scheduling agreement and re-classified as watch list or performing receivables/finances with total amount of JD 41,878,759 as at 31 December 2019 against JD 29,240,352 as at 31 December 2018.

**Restructured deferred sales receivables and other receivables and financing:**

Restructuring means rearranging receivables/finances in terms of amending the instalments or extending the term of receivables/finances, deferring some instalments or extending the grace period, etc. and reclassifying these receivables/finances as watch list with total of JD 3,575,946 as at 31 December 2019 against JD 2,855,662 at 31 December 2018.

**Sukuk:**

The following table illustrate Sukuk rating presented within the financial assets at fair value through the joint investment accounts holders' equity and financial assets at amortized cost according to external rating agencies:

31 December 2019

Rating	Credit rating agency	Financial assets at amortized cost
		JD
A	S&P	4,277,905
B-	S&P	170,946,400
B+	S&P	17,460,416
CCC-	S&P	6,675,374
<b>Total</b>		<b>199,360,095</b>

31 December 2018

Rating	Credit rating agency	Financial assets at amortized cost
		JD
A	S&P	4,591,742
B+	S&P	178,626,005
BB-	S&P	2,788,008
CCC-	S&P	5,667,624
<b>Total</b>		<b>191,673,379</b>



3. Concentration of credit exposure according to geographical area were as follows:

Description	Inside the Kingdom	Other Middle East Countries	Europe	Asia*	America	Other Countries	Total
	JD	JD	JD	JD	JD	JD	JD
Balances with central banks	742,210,345	-	-	-	-	-	742,210,345
Balances at banks and financial institutions	1,327,135	32,178,520	10,792,975	624,171	20,804,603	4,264,258	69,991,662
Joint investment accounts at banks and financial institutions	-	17,681,535	-	-	-	-	17,681,535
Deferred sales and other receivables and financing:							
Individuals	594,744,847	-	-	-	-	-	594,744,847
Real estate financing	398,025,250	-	-	-	-	-	398,025,250
Companies:							
Large corporates	382,465,313	20,907,145	5,391,670	-	-	-	408,764,128
Small and Medium Enterprises (SMEs)	144,799,151	-	-	-	-	-	144,799,151
Government and public sector	754,217,246	-	-	-	-	-	754,217,246
Sukuk:							
Within financial assets at amortized cost	170,945,367	28,414,728	-	-	-	-	199,360,095
<b>Total as at 31 December 2019</b>	<b>3,188,734,654</b>	<b>99,181,928</b>	<b>16,184,645</b>	<b>624,171</b>	<b>20,804,603</b>	<b>4,264,258</b>	<b>3,329,794,259</b>
<b>Total as at 31 December 2018</b>	<b>2,925,468,117</b>	<b>134,119,202</b>	<b>27,142,886</b>	<b>797,793</b>	<b>-</b>	<b>30,695,567</b>	<b>3,118,223,565</b>

\* Except for Middle East Countries

## 4. Concentration of credit exposure according to economic sector were as follows:

Description	Financial	Industrial	Commercial	Real estate	Agriculture	Individuals	Government and public sector	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balances with central banks	-	-	-	-	-	-	742,210,345	742,210,345
Balances at banks and financial institutions	69,991,662	-	-	-	-	-	-	69,991,662
Investment accounts at banks and financial institutions	17,681,535	-	-	-	-	-	-	17,681,535
Deferred sales and other receivables and financing	-	147,945,863	378,862,567	398,025,250	30,334,967	591,164,729	754,217,246	2,300,550,622
Sukuk:								
Within financial assets at amortized cost	-	-	199,360,095	-	-	-	-	199,360,095
<b>Total as at 31 December 2019</b>	<b>87,673,197</b>	<b>147,945,863</b>	<b>578,222,662</b>	<b>398,025,250</b>	<b>30,334,967</b>	<b>591,164,729</b>	<b>1,496,427,591</b>	<b>3,329,794,259</b>
<b>Total as at 31 December 2018</b>	<b>111,557,788</b>	<b>126,984,539</b>	<b>596,053,112</b>	<b>414,853,965</b>	<b>25,468,983</b>	<b>595,845,338</b>	<b>1,247,459,840</b>	<b>3,118,223,565</b>

## 2. Liquidity Risks

Liquidity risk is defined as the Bank's inability to provide the required liquidity to cover its obligations at their respective due dates. Bank manage such risks throughout the following:

1. Analyze liquidity (maturity gaps).
2. Maintaining reasonable liquidity to cover outgoing cash flows.
3. Diversifying sources of financing.
4. Establishing the Assets and Liabilities committee .
5. Distribution of financing among various sectors and geographical areas to mitigate concentration risk.
6. Liquidity management is based on natural and emergency circumstances including using and analyzing assets and various financial ratios maturities.

First: The below table summarize the maturity profile of the Bank's liabilities based on contractual undiscounted repayment obligations at the date of the consolidated financial statements:

31 December 2019	Less than 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	More than 3 years	Without maturity	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Liabilities:								
Due to banks and financial institutions	4,670,837	-	-	-	-	-	-	4,670,837
Customers' current accounts	447,236,149	172,858,767	136,708,777	100,558,787	104,291,158	243,346,032	-	1,204,999,670
Cash margins	12,047,052	5,534,262	5,055,252	4,881,673	5,697,596	13,294,391	-	46,510,226
Other provisions	-	-	-	-	-	-	14,310,038	14,310,038
Income tax provision	11,999,881	-	17,999,822	-	-	-	-	29,999,703
Deferred tax liabilities	-	-	-	1,210,960	1,349,025	-	2,871,595	5,431,580
Investment risk fund	580,341	-	870,512	-	-	-	30,016,131	31,466,984
Other liabilities	1,745,551	7,002,406	2,231,774	18,482,789	18,498,276	9,336,433	8,317,481	65,614,710
Unrestricted investment accounts holders' equity	307,071,374	129,508,468	132,804,294	262,638,897	537,722,564	1,254,685,981	132,814	2,624,564,392
<b>Total</b>	<b>785,351,185</b>	<b>314,903,903</b>	<b>295,670,431</b>	<b>387,773,106</b>	<b>667,558,619</b>	<b>1,520,662,837</b>	<b>55,648,059</b>	<b>4,027,568,140</b>
<b>Total assets (according to expected maturity date)</b>	<b>1,174,597,756</b>	<b>199,620,377</b>	<b>236,480,616</b>	<b>378,184,560</b>	<b>968,315,255</b>	<b>1,313,852,663</b>	<b>178,120,921</b>	<b>4,449,172,148</b>

31 December 2018	Less than 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	More than 3 years	Without maturity	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Liabilities:								
Due to banks and financial institutions	8,241,356	-	-	-	-	-	-	8,241,356
Customers' current accounts	399,416,878	154,522,806	122,242,564	89,962,322	92,959,050	216,904,450	-	1,076,008,070
Cash margins	12,010,782	5,472,796	4,956,132	4,719,351	5,415,347	12,635,810	-	45,210,218
Other provisions	-	-	-	-	-	-	15,029,623	15,029,623
Income tax provision	8,983,749	-	13,475,624	-	-	-	-	22,459,373
Deferred tax liabilities	249,092	-	-	973,930	1,460,894	-	2,517,854	5,201,770
Investment risk fund	1,382,304	-	2,073,457	-	-	-	31,654,580	35,110,341
Other liabilities	19,854,683	6,756,610	1,769,897	11,798,342	2,383,564	-	8,300,438	50,863,534
Unrestricted investment accounts holders' equity	304,981,852	216,042,939	257,086,934	336,269,413	418,376,742	976,212,400	153,866	2,509,124,146
<b>Total</b>	<b>755,120,696</b>	<b>382,795,151</b>	<b>401,604,608</b>	<b>443,723,358</b>	<b>520,595,597</b>	<b>1,205,752,660</b>	<b>57,656,361</b>	<b>3,767,248,431</b>
<b>Total assets (according to expected maturity date)</b>	<b>1,171,868,413</b>	<b>155,473,261</b>	<b>212,828,177</b>	<b>476,394,012</b>	<b>883,674,137</b>	<b>1,077,485,043</b>	<b>182,919,167</b>	<b>4,160,642,210</b>

Second: Off consolidated financial position items:

Description	31 December 2019	31 December 2018
	Up to one year	Up to one year
	JD	JD
Letters of credit and acceptances	27,256,490	25,949,164
Guarantees	119,719,170	116,550,843
Unutilized limits-direct	114,205,450	109,094,793
Unutilized limits-indirect	59,743,127	70,352,098
Capital liabilities	2,824,076	3,870,308
<b>Total</b>	<b>323,748,313</b>	<b>325,817,206</b>

### Market Risks:

Market risk is the risk of loss resulting from fluctuations in the market price, which relates to equity instruments in the trading book, exchange rates, market rate of return, commodity and inventory prices, the Bank seeks to mitigate these risks throughout the following:

1. Diversifying and distributing investments among various sectors and geographical areas.
2. Analyzing rate of returns trends and expected exchange rates and investments.
3. Establishing limits to investments on the level of the country, currency, market, instrument and counter party.
4. Adapting the currency positions in accordance with Central Bank of Jordan regulations.

The Bank is using the sensitivity analysis to assess the market risks for each type of risk in addition to Value at Risk "VaR" to assess the change in equity price risk.

#### A. Rate of return risks

Rate of return risk results from the decline in the rate of return on investments compared to the local market increase in the rate of return "interest" and the Bank's inability to increase the rate of return on granted facilities with fixed rate of return (Murabaha).

The Bank manages these risks through out the following:

1. Managing the rate of return gaps and cost of assets and liabilities according to various maturity dates.
2. Studying the investments return trends.

Description	31 December 2019			
	Change (increase) in rate of return (1%)	Sensitivity (profits and losses)	Owner's equity sensitivity	Investment accounts holders' equity sensitivity
	JD	JD	JD	JD
Jordanian Dinars	7,436,708	-	5,103,455	2,333,253

Description	31 December 2019			
	Change (decrease) in rate of return (1%)	Sensitivity (profits and losses)	Owner's equity sensitivity	Investment accounts holders' equity sensitivity
	JD	JD	JD	JD
Jordanian Dinars	(7,436,708)	-	(5,103,455)	(2,333,253)

Description	31 December 2018			
	Change (increase) in rate of return (1%)	Sensitivity (profits and losses)	Owner's equity sensitivity	Investment accounts holders' equity sensitivity
	JD	JD	JD	JD
Jordanian Dinars	7,148,966	-	4,509,300	2,639,666

Description	31 December 2018			
	Change (decrease) in rate of return (1%)	Sensitivity (profits and losses)	Owner's equity sensitivity	Investment accounts holders' equity sensitivity
	JD	JD	JD	JD
Jordanian Dinars	(7,148,966)	-	(4,509,300)	(2,639,666)

## B. Foreign currency risks

Foreign currency risk is the risk arising from the change in the foreign currency prices that the Bank maintains. Foreign currencies are managed on the basis of spot trading and foreign currencies positions are monitored on a daily basis against the approved limit for each currency, since the Bank's policy in managing foreign currencies, is to clear customer's current positions and cover required positions according to customer's needs.

Bank's investment policy stipulate that the maximum limit of the foreign currencies positions shall not exceed 15% of the total owner's equity or 50% of the bank's total liabilities in foreign currencies, whichever is greater (at a maximum limit of 5% of the owner's equity for each currency except for US Dollars) in order to cover the customers' needs in terms of letters of credit, transfers and bills under collection and not for speculation or trading purposes.

Currency	31 December 2019			
	Net Position	Change in the exchange rate (5%)	Impact on profits and losses	Impact on owner's equity
USD	22,479,484	-	-	-
Euro	187,512	9,376	5,813	4,016
GBP	20,116	1,006	624	-
JPY	(43,358)	(2,168)	(1,344)	-
Other Currencies	448,447	22,422	13,902	-

Currency	31 December 2018			
	Net Position	Change in the exchange rate (5%)	Impact on profits and losses	Impact on owner's equity
USD	26,864,145	-	-	-
Euro	200,097	10,005	6,503	3,397
GBP	43,870	2,194	1,426	-
JPY	10,941	547	356	-
Other Currencies	1,614,614	80,731	52,475	-

Concentration of foreign currency risks:

31 December 2019	USD	Euro	GBP	JPY	Others	Total
<b>Assets:</b>						
Cash and balances with central bank	76,040,603	4,052,609	3,021,315	-	1,555,973	84,670,500
Cash at banks and financial institutions	58,003,503	10,753,018	370,562	17,238	938,486	70,082,807
Investment accounts at banks and financial institutions	17,725,000	-	-	-	-	17,725,000
Deferred sales receivables and other receivables	136,701,700	3,960,980	963,579	-	4,069,217	145,695,476
Financial assets at fair value through the owner's equity – self financed	821,758	80,321	-	-	-	902,079
Financial assets at fair value through joint investment accounts holders' equity	1,545,620	-	-	-	-	1,545,620
Financial assets at amortized cost	30,714,814	-	-	-	-	30,714,814
Other assets	69,694	-	-	-	-	69,694
<b>Total Assets</b>	<b>321,622,692</b>	<b>18,846,928</b>	<b>4,355,456</b>	<b>17,238</b>	<b>6,563,676</b>	<b>351,405,990</b>
<b>Liabilities:</b>						
Due to banks and financial institutions	1,234,869	23,809	-	-	31,780	1,290,458
Cash margins	3,934,671	104,125	-	-	-	4,038,796
Current accounts	62,062,957	4,394,767	1,020,607	94	1,835,137	69,313,562
Unrestricted investment accounts	231,230,078	13,845,608	3,314,733	60,502	4,224,403	252,675,324
Other liabilities	680,633	291,107	-	-	23,909	995,649
<b>Total liabilities</b>	<b>299,143,208</b>	<b>18,659,416</b>	<b>4,335,340</b>	<b>60,596</b>	<b>6,115,229</b>	<b>328,313,789</b>
<b>Net concentration in the consolidated financial position statement - 2019</b>	<b>22,479,484</b>	<b>187,512</b>	<b>20,116</b>	<b>(43,358)</b>	<b>448,447</b>	<b>23,092,201</b>
<b>Contingent Liabilities – off consolidated statement of financial position item – 2019</b>	<b>23,803,623</b>	<b>2,044,589</b>	<b>-</b>	<b>46,314</b>	<b>1,018,154</b>	<b>26,912,680</b>
<b>2018</b>						
<b>Total Assets</b>	<b>324,596,631</b>	<b>19,602,620</b>	<b>4,428,193</b>	<b>70,073</b>	<b>7,373,005</b>	<b>356,070,522</b>
<b>Total Liabilities</b>	<b>297,732,486</b>	<b>19,402,523</b>	<b>4,384,323</b>	<b>59,132</b>	<b>5,758,391</b>	<b>327,336,855</b>
<b>Net concentration in the consolidated financial position statement – 2018</b>	<b>26,864,145</b>	<b>200,097</b>	<b>43,870</b>	<b>10,941</b>	<b>1,614,614</b>	<b>28,733,667</b>
<b>Contingent Liabilities – off consolidated statement of financial position item – 2018</b>	<b>21,156,222</b>	<b>2,272,915</b>	<b>44,612</b>	<b>-</b>	<b>1,814,675</b>	<b>25,288,424</b>

### C. Equity price risks

Equity price risks result from a change in the fair value of investments in equity. The Bank seeks to manage these risks through diversifying investments in various geographical areas and economic sectors.

Description	Change in index (5%)	Impact on losses and profits	Impact on owner's equity	Impact on investment account holders' equity
	JD	JD	JD	JD
2019				
Amman Stock Exchange Index	735,998	-	-	735,998
2018				
Amman Stock Exchange Index	782,780	-	-	508,807

### D. Commodity risks

Commodity risks arise from the fluctuations in the value of marketable assets. These risks are related to the current and future fluctuations and market values of specific assets. The Bank is exposed to fluctuations of fully paid commodity prices after the commencement of Salam contracts and to the fluctuations in the remaining value of the leased assets at the end of the lease term.

## 4. Compliance risks

Compliance risks represents sanctions on matters related to legal or regulatory or financial losses or reputational risks which the Bank might face as a result of non compliance with laws, regulations, standards and proper financial practices. The primary non compliance risks are legal and regulatory sanctions risks, reputational risks, financial losses risks, financial crimes risks, anti-money laundry and fraud and corruption risks.

The Bank seeks to limit these risks through is Compliance Control Department that is concerned with reviewing the requirements of regulatory bodies and ensuring their application on the Bank's internal procedures and policies throughout setting the compliance strategy and guidelines and establishing the policies related to anti-money laundry and establishing policies and procedures related to laws, regulations, internal and external instructions and holding the necessary training courses.

## 5. Operational Risks

Operational risks are the risks of loss arising from inadequacy or failure in internal operations, personnel or systems, or from external events. This includes legal risk and Islamic Shari'a non-compliance risk and excludes strategic and reputational risks. The Bank seeks to limit these risks throughout the following:

- The existence of documented policies and procedures that mitigates the possibility of such operational risks.
- Establishing a Business Continuity Plan (BCP) to mitigate exposure and discontinuity incidents faced by the Bank and a recovery plan.



- Implementation of Risk and Control Self-Assessment ( RCSA) methodology, in order to improve the regulatory environment and assist senior management and internal audit in identifying areas of high risk and weaknesses in internal control systems.
- Monitor the key Risk Indicators (KRI's) of our bank's core operations and develop action plans if they exceed their acceptable risk limits.
- The bank prepares, update and examine the Business Continuity Plan (BCP) and Disaster Recovery Plan (IT DR) to reduce exposures and interruptions faced by the bank, and the recovery plan to reduce the effects and losses caused by crises and / or disasters .
- Legal department reviews all contracts and related documents used by the Bank.
- In coordination with the information security department, internal audit department and the internal control department, the Information Technology department establishes the necessary policies and procedures related to maintaining the information confidentiality in the Bank and managing the access rights to the Bank's systems.

## 6. Reputational Risks

- Reputational risks is being viewed by the Bank as negative impression on the Bank's reputation which might lead to potential losses in the sources of funding and loss of customers to competitive banks.
- The Bank seeks to limits these risks throughout a set of policies and procedures to enhance the customers' confidence and providing a good banking services and maintaining banking confidentiality and avoid undertaking illegal acts or financing unfavorable sectors and provides suitable information security controls.

## 7. Information Technology risk:

- The increased use of information technology has led to improvement in the effectiveness and efficiency of the operations and services provided by our bank, but it has also brought with it new risks related to information technology.
- Under the supervision of the Information Technology Governance Committee and the Board Risk Committee, Our bank manages these risks to avoid exposure to them or mitigate their impact, through continuous monitoring and evaluation of the risks associated with information technology and its impact on banking operations and services in terms of the added value of technical solutions compared to their cost, In terms of quality and quality of projects with a technical basis and evaluation of their results on the bank's business and improving the level of performance compared to security and technical events that may result from its operation.
- There are a number of outputs for the information technology risk management process according to the instructions for governing information and accompanying technology issued by the Central Bank of Jordan and according to the instructions of COBIT 2019, the most important of which is the detailed risk register for each technical process or banking service, risk scenarios, risk indicators and risk assessment of outsourcing parties.

## 8. Stress testing:

### Application methodology:

- Our bank stress testing methodology includes identifying all types of risks our bank may face under stressful conditions, and assessing the Bank's ability to withstand these risks according to stress scenarios.
- Role and Integrity of stress tests with risk management governance, risk culture and capital planning:
- The role of the Board of Directors and senior management is to establish test objectives, identify the scenarios required for each type of risk, and assess the results and needed actions based on the results, especially the ones which have an integral role in the decision-making (capital planning).
- Scenario selection mechanism, including key assumptions related to macroeconomic variables:
- The Bank carries out sensitivity scenarios analysis determined based on the Central Bank of Jordan instructions in addition to other scenarios based on the assumption and proposal of the Bank to measure the degree of tolerance.
- The mechanism of using the tests results in decision making at the appropriate administrative level, including the strategic decisions of the Board of Directors and the senior executive management:
- The Risk Management Department prepares a summary of the results of the stress tests and raises them to the concerned parties, indicating the final impact of the tests within specific grades (low / medium / high) and whom is authorized party to make related decisions.
- Governance application of stress tests:
- The Bank identifies parties related to stress testing (Board of Directors / Risk Management Committee, Assets and Liabilities Committee, Risk Management Department, Business and other supervisory departments) and their respective responsibility for achieving complementarity and judgment in carrying out the required tests.

## 62. Risk management

Expected credit losses distribution according to classification degree:

Description	Classification according to (47/2009)	Total Exposure	Expected credit losses (ECL)	Probability of default (PD)	External Credit rating	Exposure at default (EAD)	Loss given default (LGD)
		JD	JD			JD	
<b>Performing Exposures</b>							
Internal Rating from 1 to 6-	Low risk	754,040,274	-	4.3%		754,040,274	
Internal Rating from 1 to 6-	Acceptable risk	663,512,329	3,106,999	2.7%		663,512,329	24%
Internal Rating from 1 to 6-	Watch list	326,783	834	1.4%		326,783	27%
Internal Rating from 7+ to 7-	Acceptable risk	117,600,068	3,121,087	15.7%		117,600,068	22%
Internal Rating from 7+ to 7-	Watch list	89,255,252	8,083,154	8.3%		89,255,252	28%
Internal Rating from 8 to 10	Acceptable risk	10,659,628	4,648,179	100%		10,659,628	44%
Internal Rating from 8 to 10	Watch list	32,443,535	12,598,774	100%		32,443,535	39%
External credit rating	Low risk	913,156,745	-	2.8%	B+	913,156,745	
External credit rating	Acceptable risk	145,954,698	680,118	0.6%	CCC- - A+	145,954,698	44%
Collective Portfolio	Watch list	888,767,670	11,245,148	0.8%		888,767,670	58%
Collective Portfolio	Watch list	29,630,264	3,109,120	37%		29,630,264	48%
Total Performing Exposures						3,645,347,246	
<b>Non-Performing Exposures</b>							
Internal Rating from 8 to 10	Substandard	1,136,139	384,391	100%		1,136,139	43%
Internal Rating from 8 to 10	Doubtful	16,572,049	13,099,902	100%		16,572,049	34%
Internal Rating from 8 to 10	Loss	45,718,123	19,644,603	100%		45,718,123	79%
External credit rating	Loss	1,818,373	1,818,373	100%	D	1,818,373	100%
Collective Portfolio	Substandard	4,036,680	1,605,383	100%		4,036,680	50%
Collective Portfolio	Doubtful	5,636,602	2,278,187	100%		5,636,602	50%
Collective Portfolio	Loss	34,214,132	13,172,277	100%		34,214,132	51%
<b>Total Non-Performing Exposures</b>						<b>109,132,098</b>	
<b>Total Exposures</b>						<b>3,754,479,343</b>	

### Distribution of exposure according to economic sector: Financial instruments total exposure distribution :

Description	Financial	Industrial	Commercial	Real estate	Agriculture	Shares	Individuals	Government and public sector	Others	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances with central bank	742,210,345	-	-	-	-	-	-	-	-	742,210,345
Balances at banks and financial institutions	32,577,667	-	-	-	-	-	-	-	-	32,577,667
Investment accounts at banks and financial institutions	55,231,420	-	-	-	-	-	-	-	-	55,231,420
Credit facilities	26,298,815	122,878,648	352,563,752	424,313,496	29,910,543	-	626,708,721	754,217,246	64,983,238	2,401,874,459
Financial assets	30,714,814	-	-	-	-	-	-	170,946,400	-	201,661,214
Within financial assets at fair value through income statement	-	-	-	-	-	-	-	-	-	-
Within financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-
Within financial assets at amortized cost	30,714,814	-	-	-	-	-	-	170,946,400	-	201,661,214
Encumbered financial assets (Debt instruments)	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total	887,033,061	122,878,648	352,563,752	424,313,496	29,910,543	-	626,708,721	925,163,646	64,983,238	3,433,555,105
Guarantees	5,434,837	7,828,590	15,044,964	30,422,986	838,184	-	28,113,050	-	32,036,559	119,719,170
Letter of credits	-	9,226,540	9,104,787	1,409,344	464,879	-	5,330,148	-	1,720,794	27,256,492
Other commitments	5,000	38,127,794	54,067,391	13,602,807	5,113,355	-	40,373,896	-	22,658,334	173,948,577
<b>Grand total</b>	<b>892,472,898</b>	<b>178,061,572</b>	<b>430,780,894</b>	<b>469,748,633</b>	<b>36,326,961</b>	<b>-</b>	<b>700,525,815</b>	<b>925,163,646</b>	<b>121,398,925</b>	<b>3,754,479,344</b>

Description	Financial	Industrial	Commercial	Real estate	Agriculture	Shares	Individuals	Government and public sector	Others	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances with central bank	716,781,566	-	-	-	-	-	-	-	-	716,781,566
Balances at banks and financial institutions	41,574,095	-	-	-	-	-	-	-	-	41,574,095
Investment accounts at banks and financial institutions	70,156,501	-	-	-	-	-	-	-	-	70,156,501
Credit facilities	62,535,408	113,614,352	320,123,709	447,487,748	27,517,543	-	551,783,740	530,668,894	140,394,103	2,194,125,497
Financial assets	22,013,793	-	-	-	-	-	-	173,010,600	-	195,024,393
Within financial assets at fair value through income statement	-	-	-	-	-	-	-	-	-	-
Within financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-
Within financial assets at amortized cost	22,013,793	-	-	-	-	-	-	173,010,600	-	195,024,393
Encumbered financial assets (Debt instruments)	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>913,061,363</b>	<b>113,614,352</b>	<b>320,123,709</b>	<b>447,487,748</b>	<b>27,517,543</b>	<b>-</b>	<b>551,783,740</b>	<b>703,679,494</b>	<b>140,394,103</b>	<b>3,217,662,052</b>
Guarantees	-	3,106,926	72,113,930	3,422,383	983,326	-	11,205,377	-	25,718,901	116,550,843
Letter of credits	-	7,704,923	12,234,878	237,806	918,389	-	3,128,860	-	1,724,308	25,949,164
Other commitments	-	38,573,279	96,613,374	9,979,957	4,878,776	-	4,743,856	-	24,657,649	179,446,891
<b>Grand total</b>	<b>913,061,363</b>	<b>162,999,480</b>	<b>501,085,891</b>	<b>461,127,894</b>	<b>34,298,034</b>	<b>-</b>	<b>570,861,833</b>	<b>703,679,494</b>	<b>192,494,961</b>	<b>3,539,608,950</b>

Distribution of exposures according to the stages of classification in accordance with IFRS 9:  
As at 31 December 2019

Description	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Financial	879,324,064	752,494	10,241,526	-	2,154,814	892,472,898
Industrial	92,432,363	5,519,911	71,804,230	258,116	8,046,953	178,061,573
Commercial	224,978,622	18,872,977	136,334,137	1,901,274	48,693,885	430,780,895
Real estate	77,949,270	280,108,822	59,488,502	8,158,228	44,043,811	469,748,633
Agriculture	28,399,242	1,194,376	4,654,366	5,821	2,073,156	36,326,961
Shares	-	-	-	-	-	-
Individuals	67,519,435	531,683,537	26,762,341	15,465,544	59,094,956	700,525,813
Government and public sector	925,163,646	-	-	-	-	925,163,646
Others	59,540,544	18,181,013	39,001,070	411,569	4,264,729	121,398,925
<b>Total</b>	<b>2,355,307,186</b>	<b>856,313,130</b>	<b>348,286,172</b>	<b>26,200,552</b>	<b>168,372,304</b>	<b>3,754,479,344</b>

As at 31 December 2018

Description	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Financial	904,152,990	-	7,090,000	-	1,818,373	913,061,363
Industrial	48,870,156	7,887,736	95,098,767	1,016,902	10,125,919	162,999,480
Commercial	182,021,993	90,932,522	160,725,972	6,062,815	61,342,589	501,085,891
Real estate	42,621,364	292,095,252	88,425,126	8,034,473	29,951,679	461,127,894
Agriculture	26,679,793	2,366,525	2,927,672	64,814	2,259,230	34,298,034
Shares	-	-	-	-	-	-
Individuals	23,050,389	511,704,381	3,899,910	16,265,363	15,941,790	570,861,833
Government and public sector	703,679,494	-	-	-	-	703,679,494
Others	84,447,106	-	82,717,534	3,927,841	21,402,480	192,494,961
<b>Total</b>	<b>2,015,523,285</b>	<b>904,986,416</b>	<b>440,884,981</b>	<b>35,372,208</b>	<b>142,842,060</b>	<b>3,539,608,950</b>

Distribution of exposure according to geographical sectors:  
Geographic sector total exposure distribution :

As at 31 December 2019	Inside the Kingdom	Other Middle East Countries	Europe	Asia	Africa	America	Other countries	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balances with central bank	742,210,345	-	-	-	-	-	-	742,210,345
Balances at banks and financial institutions	1,419,560	2,510,268	2,954,807	624,171	143,150	24,925,711	-	32,577,667
Investment accounts at banks and financial institutions	-	55,231,420	-	-	-	-	-	55,231,420
Credit facilities	2,375,575,643	20,907,146	5,391,670	-	-	-	-	2,401,874,459
Financial assets	170,946,400	24,608,130	-	1,646,325	4,460,359	-	-	201,661,214
Within financial assets at fair value through income statement	-	-	-	-	-	-	-	-
Within financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-
Within financial assets at amortized cost	170,946,400	24,608,130	-	1,646,325	4,460,359	-	-	201,661,214
Encumbered financial assets (Debt instruments)	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Total for the year	3,290,151,948	103,256,964	8,346,477	2,270,496	4,603,509	24,925,711	-	3,433,555,105
Guarantees	117,093,816	2,525,233	-	100,121	-	-	-	119,719,170
Letter of credits	27,256,492	-	-	-	-	-	-	27,256,492
Other liabilities	173,948,577	-	-	-	-	-	-	173,948,577
<b>Grand total</b>	<b>3,608,450,833</b>	<b>105,782,197</b>	<b>8,346,477</b>	<b>2,370,617</b>	<b>4,603,509</b>	<b>24,925,711</b>	<b>-</b>	<b>3,754,479,344</b>

As at 31 December 2018	Inside the Kingdom	Other Middle East Countries	Europe	Asia	Africa	America	Other countries	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balances with central bank	716,781,566	-	-	-	-	-	-	716,781,566
Balances at banks and financial institutions	1,559	5,577,680	4,065,690	797,793	435,806	30,695,567	-	41,574,095
Investment accounts at banks and financial institutions	-	58,138,000	11,952,372	-	66,129	-	-	70,156,501
Credit facilities	2,131,590,090	51,410,583	11,124,824	-	-	-	-	2,194,125,497
Financial assets	173,010,601	5,672,000	9,908,984	2,362,194	4,070,614	-	-	195,024,393
Within financial assets at fair value through income statement	-	-	-	-	-	-	-	-
Within financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-
Within financial assets at amortized cost	173,010,601	5,672,000	9,908,984	2,362,194	4,070,614	-	-	195,024,393
Encumbered financial assets (Debt instruments)	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Total for the year	3,021,383,816	120,798,263	37,051,870	3,159,987	4,572,549	30,695,567	-	3,217,662,052
Guarantees	116,550,843	-	-	-	-	-	-	116,550,843
Letter of credits	25,949,164	-	-	-	-	-	-	25,949,164
Other liabilities	179,446,891	-	-	-	-	-	-	179,446,891
<b>Grand total</b>	<b>3,343,330,714</b>	<b>120,798,263</b>	<b>37,051,870</b>	<b>3,159,987</b>	<b>4,572,549</b>	<b>30,695,567</b>	<b>-</b>	<b>3,539,608,950</b>



Distribution of exposures according to the stages of classification in accordance with IFRS 9:  
As at 31 December 2019

Description	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Inside the Kingdom	2,218,190,403	856,313,130	341,192,819	26,200,551	166,553,930	3,608,450,833
Other Middle East Countries	98,688,843	-	7,093,354	-	-	105,782,197
Europe	8,346,477	-	-	-	-	8,346,477
Asia	2,370,617	-	-	-	-	2,370,617
Africa	2,785,136	-	-	-	1,818,373	4,603,509
America	24,925,711	-	-	-	-	24,925,711
Other countries	-	-	-	-	-	-
<b>Total</b>	<b>2,355,307,187</b>	<b>856,313,130</b>	<b>348,286,173</b>	<b>26,200,551</b>	<b>168,372,303</b>	<b>3,754,479,344</b>

As at 31 December 2018

Description	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Inside the Kingdom	1,828,153,422	904,986,416	433,794,981	35,372,208	141,023,687	3,343,330,714
Other Middle East Countries	120,798,263	-	-	-	-	120,798,263
Europe	29,961,870	-	7,090,000	-	-	37,051,870
Asia	3,159,987	-	-	-	-	3,159,987
Africa	2,754,176	-	-	-	1,818,373	4,572,549
America	30,695,567	-	-	-	-	30,695,567
Other countries	-	-	-	-	-	-
<b>Total</b>	<b>2,015,523,285</b>	<b>904,986,416</b>	<b>440,884,981</b>	<b>35,372,208</b>	<b>142,842,060</b>	<b>3,539,608,950</b>

Distribution of collaterals fair value against credits exposure  
 This disclosure is prepared in two stages, the first one for total credit exposure while the second one for exposures under stage 3 according to IFRS9.

Description	Total exposure		Guarantees Fair Value								Exposure at default		ECL					
	JD		Cash Margins		Traded shares		Accepted LC's		Real estate		Vehicles			Others		Total Guarantees		
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD		JD	JD	JD	JD	
Balances with central bank	742,210,345	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	742,210,345	-
Balances at banks and financial institutions	32,577,667	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	32,577,667	27,643
Investment accounts at banks and financial institutions	55,231,420	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	55,231,420	108,247
Credit facilities	2,401,874,459	5,116,205	7,364,257	26,298,815	681,371,881	329,152,226	-	1,049,303,384	1,352,571,075	88,710,825	-	-	-	-	-	-	224,905,764	27,725,507
Individual	626,708,721	4,016,099	3,329,279	-	111,135,262	283,322,317	-	401,802,957	224,905,764	27,725,507	-	-	-	-	-	-	224,905,764	27,725,507
Real estate loans	424,313,496	-	-	-	261,686,517	7,055,768	-	268,742,285	155,571,211	9,403,460	-	-	-	-	-	-	155,571,211	9,403,460
Corporate	596,634,996	1,100,106	4,034,978	26,298,815	308,550,102	38,774,141	-	378,758,142	217,876,854	51,581,858	-	-	-	-	-	-	217,876,854	51,581,858
Large Corporate	436,880,678	-	1,803,053	26,298,815	213,481,123	21,732,367	-	263,315,358	173,565,320	38,258,396	-	-	-	-	-	-	173,565,320	38,258,396
SME's	159,754,318	1,100,106	2,231,925	-	95,068,979	17,041,774	-	115,442,784	44,311,534	13,323,462	-	-	-	-	-	-	44,311,534	13,323,462
Government and public sector	754,217,246	-	-	-	-	-	-	-	754,217,246	-	-	-	-	-	-	-	754,217,246	-
Sukok	201,661,214	-	-	-	-	-	-	-	201,661,214	-	-	-	-	-	-	-	201,661,214	2,301,119
Within financial assets at fair value through income statement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Within financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Within financial assets at amortized cost	201,661,214	-	-	-	-	-	-	-	201,661,214	-	-	-	-	-	-	-	201,661,214	2,301,119
Financial instrument	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Encumbered financial assets (Debt instruments)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	3,433,555,105	5,116,205	7,364,257	26,298,815	681,371,881	329,152,226	-	1,049,303,384	2,384,251,721	91,147,834	-	-	-	-	-	-	2,384,251,721	91,147,834
Guarantees	119,719,170	7,069,352	334,672	-	56,126,259	10,070,993	-	73,601,276	46,117,894	5,638,006	-	-	-	-	-	-	46,117,894	5,638,006
Letters of credit	27256,492	938,517	30,993	-	9,006,268	286,112	-	10,261,890	16,994,602	1,687,409	-	-	-	-	-	-	16,994,602	1,687,409
Other Liabilities	173,948,577	2,258,122	365,177	-	81,813,250	7,755,259	-	92,191,808	81,756,769	123,282	-	-	-	-	-	-	81,756,769	123,282
<b>Grand total</b>	<b>3,754,479,344</b>	<b>15,382,196</b>	<b>8,095,099</b>	<b>26,298,815</b>	<b>828,317,658</b>	<b>347,264,590</b>	<b>-</b>	<b>1,225,358,358</b>	<b>2,529,120,986</b>	<b>98,596,531</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,529,120,986</b>	<b>98,596,531</b>

## Reclassified exposures:

Total reclassified exposures :

As at 31 December 2019	Stage 2		Stage 3		Total reclassified exposures	Percentage
	Total exposure	Reclassified exposures	Total exposure	Reclassified exposures		
	JD	JD	JD	JD	JD	
Balances with central bank	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-
Accounts at banks and financial institutions	-	-	-	-	-	-
Credit facilities	295,934,207	85,074,727	159,002,563	74,037,738	159,112,465	35%
Financial assets	7,090,000	-	1,818,373	-	-	-
Within financial assets at fair value through income statement	-	-	-	-	-	-
Within financial assets at fair value through other comprehensive income	-	-	-	-	-	-
Within financial assets at amortized cost	7,090,000	-	1,818,373	-	-	-
Encumbered financial assets (Debt instruments)	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
<b>Total</b>	<b>303,024,207</b>	<b>85,074,727</b>	<b>160,820,936</b>	<b>74,037,738</b>	<b>159,112,465</b>	<b>34%</b>
Guarantees	23,310,300	11,398,911	6,938,965	2,441,222	13,840,133	46%
Letter of credits	10,259,847	3,442,582	-	-	3,442,582	34%
Other liabilities	37,892,371	20,362,671	612,402	571,456	20,934,126	54%
<b>Grand total</b>	<b>374,486,725</b>	<b>120,278,891</b>	<b>168,372,303</b>	<b>77,050,416</b>	<b>197,329,306</b>	<b>36%</b>

As at 31 December 2018	Stage 2		Stage 3		Total reclassified exposures		Percentage
	Total exposure	Reclassified exposures	Total exposure	Reclassified exposures	Total reclassified exposures		
	JD	JD	JD	JD	JD	JD	
Balances with central bank	-	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-	-
Accounts at banks and financial institutions	-	-	-	-	-	-	-
Credit facilities	388,883,436	158,414,383	133,980,979	61,956,738	220,371,121	220,371,121	42%
Financial assets	7,090,000	-	1,818,373	-	-	-	-
Within financial assets at fair value through income statement	-	-	-	-	-	-	-
Within financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-
Within financial assets at amortized cost	7,090,000	-	1,818,373	-	-	-	-
Encumbered financial assets (Debt instruments)	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-
Total	395,973,436	158,414,383	135,799,352	61,956,738	220,371,121	220,371,121	41%
Guarantees	22,003,073	11,297,635	6,257,358	1,815,172	13,112,807	13,112,807	46%
Letter of credits	7196,924	3,662,424	-	-	3,662,424	3,662,424	51%
Other liabilities	51,083,756	21,376,715	785,350	424,970	21,801,685	21,801,685	42%
<b>Grand total</b>	<b>476,257,189</b>	<b>194,751,157</b>	<b>142,842,060</b>	<b>64,196,880</b>	<b>258,948,037</b>	<b>258,948,037</b>	<b>42%</b>

Expected credit loss for reclassified exposures:

As at 31 December 2019	Reclassified exposures			ECL for reclassified exposures				Total
	Total reclassified exposures from stage 2	Total reclassified exposures from stage 3	Total reclassified exposures	Exposures within stage 2		Exposures within stage 3		
				Individual	Collective	Individual	Collective	
	JD	JD	JD	JD	JD	JD	JD	
Balances with central bank	-	-	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-	-	-
Accounts at banks and financial institutions	-	-	-	-	-	-	-	-
Credit facilities	85,074,727	74,037,738	159,112,465	954,431	125,713	28,947,631	7,547,213	37,574,988
Financial assets	-	-	-	-	-	-	-	-
Within financial assets at fair value through joint investment	-	-	-	-	-	-	-	-
Within financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-
Within financial assets at amortized cost	-	-	-	-	-	-	-	-
Encumbered financial assets (debt instruments)	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Total	85,074,727	74,037,738	159,112,465	954,431	125,713	28,947,631	7,547,213	37,574,988
Guarantees	11,398,911	2,441,222	13,840,133	89,723	4,975	959,708	529,883	1,584,289
Letter of credits	3,442,582	-	3,442,582	22,731	737	-	-	23,468
Other liabilities	20,362,671	571,456	20,934,127	206,078	16,509	87,816	137,588	447,991
<b>Grand total</b>	<b>120,278,891</b>	<b>77,050,416</b>	<b>197,329,307</b>	<b>1,272,963</b>	<b>147,934</b>	<b>29,995,155</b>	<b>8,214,684</b>	<b>39,630,736</b>

As at 31 December 2018	Reclassified exposures			ECL for reclassified exposures						
	Total reclassified exposures from stage 2	Total reclassified exposures from stage 3	Total reclassified exposures	Exposures within stage 2		Exposures within stage 3		Total		
				Individual	Collective	Individual	Collective			
	JD	JD	JD	JD	JD	JD	JD	JD	JD	
Balances with central bank	-	-	-	-	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Accounts at banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Credit facilities	158,414,383	61,956,738	220,371,121	4,340,127	174,063	15,133,651	9,296,427	28,944,268		
Financial assets	-	-	-	-	-	-	-	-	-	-
Within financial assets at fair value through joint investment accounts holders' equity	-	-	-	-	-	-	-	-	-	-
Within financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-
Within financial assets at amortized cost	-	-	-	-	-	-	-	-	-	-
Encumbered financial assets (debt instruments)	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>158,414,383</b>	<b>61,956,738</b>	<b>220,371,121</b>	<b>4,340,127</b>	<b>174,063</b>	<b>15,133,651</b>	<b>9,296,427</b>	<b>28,944,268</b>		
Guarantees	11,297,635	1,815,172	13,112,807	100,931	2,259	763,854	305,245	1,172,289		
Letter of credits	3,662,424	-	3,662,424	53,030	198	-	-	53,228		
Other liabilities	21,376,715	424,970	21,801,685	342,168	7,226	236,025	188,944	774,363		
<b>Grand total</b>	<b>194,751,157</b>	<b>64,196,880</b>	<b>258,948,037</b>	<b>4,836,256</b>	<b>183,746</b>	<b>16,133,530</b>	<b>9,790,616</b>	<b>30,944,148</b>		

## 63. Segment information

### A. Information about the Bank's activities

- The Bank is organized for administrative purposes based on the reports submitted to the General Manager and the chief decision maker into four main business sectors:
  - **Retail accounts:** These encompass following up on the unrestricted investment accounts, deferred sales receivables and other financing and banking services related to individuals.
  - **Corporate accounts:** These encompass following up on the unrestricted investment accounts, deferred sales receivables and other financing and banking services related to the institutions.
  - **Investment in assets:** This includes investing in real estate and leasing.
  - **Treasury:** This includes trading services and managing the Bank's funds.

The below table illustrate the information on the Bank's business sectors distributed according to its activities:

Description	Retail		Corporate		Investment in assets		Treasury		Others		Total	
	JD		JD		JD		JD		JD		2019	2018
Total revenues (joint and self financed)	128,710,330		71,545,969		9,764,039		16,568,904		660,297		227,249,539	217,855,244
Net income of subsidiaries and share of profit from investments in associates	-		-		1,952,173		-		-		1,952,173	2,641,672
Investment risk fund share from the revenues of joint investment accounts holders'	(3,861,310)		(1,996,487)		(333,891)		(276,835)		-		(6,468,523)	(19,175,849)
Share of the unrestricted investment accounts and non-controlling interests from the net income of associates	(1,471,034)		(686,203)		(437,538)		(199,212)		-		(2,793,987)	-
Segment results	93,432,804		50,318,190		8,992,610		12,097,040		660,297		165,500,941	147,050,826
Allocated expenses	(42,084,551)		(24,978,851)		(3,522,678)		(6,360,830)		-		(76,946,910)	(71,646,821)
Profits before tax	51,348,253		25,339,339		5,469,932		5,736,210		660,297		88,554,031	75,404,005
Income tax	(19,560,858)		(11,059,333)		(969,344)		(2,417,115)		(198,089)		(34,204,739)	(25,596,078)
Profit after tax	31,787,395		14,280,006		4,500,588		3,319,095		462,208		54,349,292	49,807,927
Sector assets	1,287,006,761		1,013,543,861		989,117,119		993,743,012		-		4,283,410,753	4,056,997,394
Investment in associates	-		-		8,211,186		-		-		8,211,186	8,355,201
Unallocated assets	-		-		-		-		157,550,209		157,550,209	95,289,615
Total assets	1,287,006,761		1,013,543,861		997,328,305		993,743,012		157,550,209		4,449,172,148	4,160,642,210
Segment liabilities	3,433,401,866		396,029,382		-		4,670,837		-		3,834,102,085	3,593,219,706
Unallocated liabilities	-		-		-		-		193,466,055		193,466,055	174,028,725
Total Liabilities	3,433,401,866		396,029,382		-		4,670,837		193,466,055		4,027,568,140	3,767,248,431
Capital expenditures	-		-		-		-		17,365,436		17,365,436	13,488,619
Depreciation and amortization	-		-		-		-		8,842,934		8,842,934	7,453,939



## B. Geographical Distribution Information:

- This sector represents the geographical distribution of the Bank's activities. The Bank undertakes its activities primarily inside the Hashemite Kingdom of Jordan.
- The below table illustrate the distribution of the Bank's revenues, assets and capital expenditures according to the geographical area and the internal policy of the Bank based on the method of measurement and as viewed by the General Manager and the chief decision makers:

Description	Inside the Kingdom		Outside the Kingdom		Total	
	2019	2018	2019	2018	2019	2018
	JD	JD	JD	JD	JD	JD
Total revenues	222,266,703	213,656,966	4,982,836	4,198,278	227,249,539	217,855,244
Total assets	4,308,112,543	3,967,886,762	141,059,605	192,755,448	4,449,172,148	4,160,642,210
Capital expenditures	17,365,436	13,488,619	-	-	17,365,436	13,488,619

## 64. Capital management

The Bank's capital consists of the paid-in capital, statutory reserve, voluntary reserve, general banking risks reserves, fair value reserves and retained earnings.

The Bank achieves its capital objectives throughout the following:

- Achieving a satisfactory return on capital without affecting the financial stability of the Bank and achieving acceptable return on owner's equity.
- Achieving the required level of capital according to Basel Committee requirements and the supervisory bodies instructions.
- Providing an adequate capital to expand the granting of financing and large investments in consistency with the Central Bank of Jordan regulations as well as facing any future risks.

Capital adequacy ratio was calculated as at 31 December 2019 in accordance with Central Bank of Jordan instruction number (72/ 2018) dated 4 February 2018 and in accordance with standard number (15) issued by Islamic Financial Services Board:

Description	31 December 2019	31 December 2018
	Thousands JD	Thousands JD
Common Equity Tier I	414,887	361,187
Paid-in capital	200,000	180,000
Statutory reserve	92,879	84,018
Voluntary reserve	37,094	38,234
Retained earnings	89,395	62,766
Accumulated change in full fair value	714	1,007
Intangible assets	(2,536)	(2,299)
10% of less of investments in Banks, financial institutions and Takaful companies capital,	(494)	(494)
10% or more of investments in Banks, financial institutions and Takaful companies capital, beyond unified regulatory scope	(2,165)	(2,045)
Additional Tier I	-	-
Additional Tier II	5,747	13,991
Bank's share from the the investment risks fund surplus	-	13,991
General banking risks reserve / self and bank share of general banking risk reserve- joint (not to exceed 1.25%) of risky assets	5,747	-
Total regulatory capital	420,634	375,178
Risk Weighted Assets (RWA)	1,728,627	1,646,641
Common Equity Tier I Ratio	24%	21.93%
Additional Tier I Ratio	-	-
Tier I Ratio	24%	21.93%
Tier II Ratio	0.33%	0.85%
Capital Adequacy Ratio	24.33%	22.78%

- Financial leverage percentage has reached 17.34 % as of 31 December 2019 (2018: 17.26%).

## 65. Accounts managed for customers

Accounts managed for customers amounted to JD 520,959,443 as at 31 December 2019 compared to JD 456,938,169 as at 31 December 2018. These accounts are not presented within the Bank's assets and liabilities in the consolidated financial statements.

## 66. Maturity analysis of assets and liabilities

The table below summarizes the expected maturity of the Bank's assets and liabilities. The maturities of assets and liabilities have been determined according to when they are expected to be recovered or settled.

Description	31 December 2019		
	Within 1 year	More than 1 year	Total
	JD	JD	JD
<b>Assets:</b>			
Cash and balances with central bank	906,069,815	-	906,069,815
Balances at banks and financial institutions	69,991,662	-	69,991,662
Unrestricted investment accounts at banks and financial institutions	-	17,681,535	17,681,535
Deferred sales receivables and other receivables –Net	837,834,792	1,414,484,899	2,252,319,691
Ijarah Muntahia Bittamleek assets – Net	51,410,284	578,190,469	629,600,753
Financing – Net	2,737,771	29,136,611	31,874,382
Financial Assets at fair value through owner's equity – self financed	10,516,682	1,525,591	12,042,273
Financial assets at fair value through– joint investment accounts holders' equity	30,156,213	6,767,616	36,923,829
Financial assets at amortized cost	18,188,235	181,171,860	199,360,095
Investments in associates	6,158,389	2,052,797	8,211,186
Investment in real estate	22,238,034	88,952,135	111,190,169
Al Qard Al Hasan – Net	11,898,760	4,457,789	16,356,549
Property and equipment- Net	-	93,102,868	93,102,868
Intangible assets – Net	-	2,536,389	2,536,389
Other assets	21,682,674	40,228,278	61,910,952
<b>Total assets</b>	<b>1,988,883,311</b>	<b>2,460,288,837</b>	<b>4,449,172,148</b>
<b>Liabilities and unrestricted investment accounts holders' equity:</b>			
Due to banks and financial institutions	4,670,837	-	4,670,837
Customers' current and on demand accounts-trusteeship	857,362,480	347,637,190	1,204,999,670
Cash margins	27,518,239	18,991,987	46,510,226
Accounts payable	462,318	-	462,318
Other provisions	-	14,310,038	14,310,038
Income tax provision	29,999,703	-	29,999,703
Deferred tax liabilities	-	1,370,697	1,370,697
Other liabilities	27,024,425	14,736,927	41,761,352
Unrestricted investment accounts	832,023,033	1,792,408,545	2,624,431,578
Fair value reserve	1,975,777	4,649,872	6,625,649
Investment accounts holders' reserve in subsidiaries and associates	-	16,765,391	16,765,391
Non-controlling interests	-	132,814	132,814
Investment risks fund	-	30,016,131	30,016,131
Deferred tax liabilities	1,210,960	2,849,923	4,060,883
Income tax provision of investment risks fund	1,450,853	-	1,450,853
<b>Total liabilities and unrestricted investment accounts and holders' equity</b>	<b>1,783,698,625</b>	<b>2,243,869,515</b>	<b>4,027,568,140</b>
<b>Net</b>	<b>205,184,686</b>	<b>216,419,322</b>	<b>421,604,008</b>

Description	31 December 2018		
	Within 1 year	More than 1 year	Total
	JD	JD	JD
<b>Assets:</b>			
Cash and balances with central bank	876,086,318	-	876,086,318
Balances at banks and financial institutions	93,915,490	-	93,915,490
Unrestricted investment accounts at banks and financial institutions	-	17,642,298	17,642,298
Deferred sales receivables and other receivables –Net	897,081,915	1,156,699,371	2,053,781,286
Ijarah Muntahia Bittamleek assets – Net	43,167,107	562,634,655	605,801,762
Financing - Net	5,114,799	27,588,990	32,703,789
Financial Assets at fair value through owner's equity – self financed	9,519,518	1,173,176	10,692,694
Financial assets at fair value through– joint investment accounts holders' equity	29,789,320	6,805,440	36,594,760
Financial assets at amortized cost	13,292,179	178,381,200	191,673,379
Investments in associates	6,266,401	2,088,800	8,355,201
Investment in real estate	25,275,972	101,103,889	126,379,861
Al Qard Al Hasan – Net	7,375,577	4,350,180	11,725,757
Property and equipment- Net	-	83,311,212	83,311,212
Intangible assets – Net	-	2,299,136	2,299,136
Other assets	9,679,267	-	9,679,267
<b>Total assets</b>	<b>2,016,563,863</b>	<b>2,144,078,347</b>	<b>4,160,642,210</b>
<b>Liabilities and unrestricted investment accounts holders' equity:</b>			
Due to banks and financial institutions	8,241,356	-	8,241,356
Customers' current and on demand accounts- trusteeship	766,144,570	309,863,500	1,076,008,070
Cash margins	27,159,061	18,051,157	45,210,218
Accounts payable	400,227	-	400,227
Other provisions	-	15,029,623	15,029,623
Income tax provision	22,459,373	-	22,459,373
Deferred tax liabilities	322,424	520,602	843,026
Other liabilities	24,442,317	764,453	25,206,770
Unrestricted investment accounts	1,114,381,138	1,394,589,142	2,508,970,280
Fair value reserve	1,498,805	5,612,830	7,111,635
Investment accounts holders' reserve in subsidiaries and associates	13,838,183	4,306,719	18,144,902
Non-controlling interests	-	153,866	153,866
Investment risks fund	-	31,654,580	31,654,580
Deferred tax liabilities	900,598	3,458,146	4,358,744
Income tax provision of investment risks fund	3,455,761	-	3,455,761
<b>Total liabilities and unrestricted investment accounts and holders' equity</b>	<b>1,983,243,813</b>	<b>1,784,004,618</b>	<b>3,767,248,431</b>
<b>Net</b>	<b>33,320,050</b>	<b>360,073,729</b>	<b>393,393,779</b>

## 67. Contractual Commitments and Contingent Liabilities (Off consolidated statement of financial position)

### Contingent credit commitments

Description	31 December 2019	31 December 2018
	JD	JD
Letters of credit	25,077,121	22,640,751
Acceptances	2,179,369	3,308,413
Guarantees:	119,719,170	116,550,843
Payment	35,484,631	36,218,249
Performance	55,571,232	50,780,122
Others	28,663,307	29,552,472
Unutilized Limits/ Direct	114,205,450	109,094,793
Unutilized Limits/ Indirect	59,743,127	70,352,098
<b>Total</b>	<b>320,924,237</b>	<b>321,946,898</b>

### Contractual commitments

Description	31 December 2019	31 December 2018
	JD	JD
Property, equipment and softwares contracts	2,824,076	3,870,308
<b>Total</b>	<b>2,824,076</b>	<b>3,870,308</b>

The above contractual commitments mature within one year.

**Indirect facilities expected credit loss:**

## 1. Cumulative movement on indirect facilities as of 31 December 2019:

As at 31 December 2019	Stage 1		Stage 2		Stage 3	Total
	Collective	Individual	Collective	Individual		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	83,160,423	151,460,014	1,762,522	81,521,230	4,042,709	321,946,898
New exposures during the year	65,252,758	77,882,879	1,644,240	28,871,665	6,814,282	180,465,824
Matured exposures	(68,863,245)	(59,990,348)	(1,337,704)	(45,377,298)	(5,919,890)	(181,488,485)
Transferred to stage 1	1,476,783	28,075,758	(1,205,125)	(27,949,005)	(398,411)	-
Transferred to stage 2	(1,790,242)	(33,105,504)	1,845,864	33,049,882	-	-
Transferred to stage 3	(1,000,690)	(648,233)	(282,730)	(1,081,024)	3,012,677	-
Adjustments	-	-	-	-	-	-
Written off facilities	-	-	-	-	-	-
Adjustments from exchange rates effect	-	-	-	-	-	-
<b>Balance at the end of the year</b>	<b>78,235,787</b>	<b>163,674,566</b>	<b>2,427,067</b>	<b>69,035,450</b>	<b>7,551,367</b>	<b>320,924,237</b>

as of 31 December 2018:

As at 31 December 2018	Stage 1		Stage 2		Stage 3	Total
	Collective	Individual	Collective	Individual		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	92,089,619	41,346,779	1,650,287	207,935,613	5,807,843	348,830,141
New exposures during the year	65,734,073	102,148,597	3,690,259	9,122,788	3,177,030	183,872,747
Matured exposures	(76,954,935)	(21,438,028)	(668,621)	(106,467,650)	(5,226,756)	(210,755,990)
Transferred to stage 1	4,470,978	63,106,309	(4,073,672)	(63,106,309)	(397,306)	-
Transferred to stage 2	(1,315,543)	(33,102,608)	1,337,655	34,999,119	(1,918,623)	-
Transferred to stage 3	(863,769)	(601,035)	(173,386)	(962,331)	2,600,521	-
Adjustments	-	-	-	-	-	-
Written off facilities	-	-	-	-	-	-
Adjustments from exchange rates effect	-	-	-	-	-	-
<b>Balance at the end of the year</b>	<b>83,160,423</b>	<b>151,460,014</b>	<b>1,762,522</b>	<b>81,521,230</b>	<b>4,042,709</b>	<b>321,946,898</b>

Cumulative movement on the expected credit loss for indirect facilities as of 31 December 2019:

As at 31 December 2019	Stage 1		Stage 2		Stage 3	Total
	Collective	Individual	Collective	Individual		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	905,039	541,164	13,424	1,331,129	5,127,127	7,917,883
Expected credit loss on new exposures during the year	965,793	1,334,473	113,473	503,702	6,720,886	9,638,327
Expected credit loss from matured exposures	(297,799)	(626,094)	(19,675)	(527,429)	(8,636,518)	(10,107,515)
Transferred to stage 1	20,357	133,267	(16,990)	(132,705)	(3,929)	-
Transferred to stage 2	(21,806)	(315,943)	22,220	318,283	(2,754)	-
Transferred to stage 3	(588,820)	(334,483)	(78,652)	(713,040)	1,714,995	-
Impact on ending balance provision due to change in staging classification	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-
Written off facilities	-	-	-	-	-	-
Adjustments from exchange rates effect	-	-	-	-	-	-
<b>Balance at the end of the year</b>	<b>982,764</b>	<b>732,384</b>	<b>33,800</b>	<b>779,940</b>	<b>4,919,807</b>	<b>7,448,695</b>

As at 31 December 2018	Stage 1		Stage 2		Stage 3	Total
	Collective	Individual	Collective	Individual		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	1,164,621	284,281	10,888	2,809,330	4,272,949	8,542,069
Expected credit loss on new exposures during the year	620,155	1,410,250	120,256	540,711	2,859,327	5,550,699
Expected credit loss from matured exposures	(490,182)	(542,362)	(15,945)	(1,649,452)	(3,476,944)	(6,174,885)
Transferred to stage 1	57,290	238,952	(54,527)	(238,952)	(2,763)	-
Transferred to stage 2	(9,587)	(476,715)	9,683	496,129	(19,510)	-
Transferred to stage 3	(437,258)	(373,242)	(56,931)	(626,637)	1,494,068	-
Impact on ending balance provision due to change in staging classification	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-
Written off facilities	-	-	-	-	-	-
Adjustments from exchange rates effect	-	-	-	-	-	-
<b>Balance at the end of the year</b>	<b>905,039</b>	<b>541,164</b>	<b>13,424</b>	<b>1,331,129</b>	<b>5,127,127</b>	<b>7,917,883</b>

## Distribution of unutilized limits balance according to the bank internal credit rating

Description	31 December 2019						31 December 2018
	Stage 1		Stage 2		Stage 3	Total	Total
	Collective	Individual	Collective	Individual			
	JD	JD	JD	JD	JD	JD	JD
Internal Credit rating from 1 to 6-	98,785,715	-	19,401,772	-	-	118,187,487	118,119,907
Internal Credit rating from 7+ to 7-	-	-	16,907,672	-	-	16,907,672	20,172,968
Internal Credit rating from 8 to 10	-	-	-	-	179,374	179,374	372,827
Collective portfolio	-	36,658,089	-	1,582,926	433,028	38,674,043	40,781,189
<b>Total</b>	<b>98,785,715</b>	<b>36,658,089</b>	<b>36,309,444</b>	<b>1,582,926</b>	<b>612,402</b>	<b>173,948,576</b>	<b>179,446,891</b>

## Distribution of Letters of credit and acceptance according to the bank internal credit rating

Description	31 December 2019						31 December 2018
	Stage 1		Stage 2		Stage 3	Total	Total
	Collective	Individual	Collective	Individual			
	JD	JD	JD	JD	JD	JD	JD
Internal Credit rating from 1 to 6	14,997,225	-	7,377,832	-	-	22,375,057	21,387,647
Internal Credit rating from 7+ to 7-	-	-	2,815,798	-	-	2,815,798	2,424,484
Collective portfolio	-	1,999,418	-	66,217	-	2,065,635	2,137,033
<b>Total</b>	<b>14,997,225</b>	<b>1,999,418</b>	<b>10,193,630</b>	<b>66,217</b>	<b>-</b>	<b>27,256,490</b>	<b>25,949,164</b>

## Distribution of Gurantees according to the bank internal credit rating

Description	31 December 2019						31 December 2018
	Stage 1		Stage 2		Stage 3	Total	Total
	Collective	Individual	Collective	Individual			
	JD	JD	JD	JD	JD	JD	JD
Internal Credit rating from 1 to 6-	46,944,625	-	12,361,113	-	-	59,305,738	55,410,513
Internal Credit rating from 7+ to 7-	-	-	10,167,908	-	-	10,167,908	9,038,665
Internal Credit rating from 8 to 10	-	-	-	-	5,268,793	5,268,793	4,821,575
Collective portfolio	-	39,578,282	-	777,924	1,670,172	42,026,378	43,853,030
External credit rating	2,947,000	-	3,354	-	-	2,950,354	3,427,060
<b>Total</b>	<b>49,891,625</b>	<b>39,578,282</b>	<b>22,532,375</b>	<b>777,924</b>	<b>6,938,965</b>	<b>119,719,171</b>	<b>116,550,843</b>



## Detailed Indirect facilities

Description	31 December 2019					
	Stage 1		Stage 2		Stage 3	Total
	Collective	Individual	Collective	Individual		
	JD	JD	JD	JD	JD	JD
Unutilized limits	36,658,089	98,785,715	1,582,926	36,309,445	612,402	173,948,577
Banking Guarantees	39,578,281	49,891,625	777,924	22,532,376	6,938,965	119,719,171
Letters of credit	1,999,418	14,997,225	66,217	10,193,630	-	27,256,490
<b>Total</b>	<b>78,235,788</b>	<b>163,674,565</b>	<b>2,427,067</b>	<b>69,035,451</b>	<b>7,551,367</b>	<b>320,924,238</b>

Description	31 December 2018					
	Stage 1		Stage 2		Stage 3	Total
	Collective	Individual	Collective	Individual		
	JD	JD	JD	JD	JD	JD
Unutilized limits	33,089,405	94,488,380	1,135,815	49,947,941	785,350	179,446,891
Banking Guarantees	45,258,113	43,032,299	586,193	21,416,880	6,257,358	116,550,843
Letters of credit	4,812,905	13,939,335	40,514	7,156,410	-	25,949,164
<b>Total</b>	<b>83,160,423</b>	<b>151,460,014</b>	<b>1,762,522</b>	<b>78,521,231</b>	<b>7,042,708</b>	<b>321,946,898</b>

## Detailed expected credit loss for indirect facilities

Description	31 December 2019					
	Stage 1		Stage 2		Stage 3	Total
	Collective	Individual	Collective	Individual		
	JD	JD	JD	JD	JD	JD
Unutilized limits	550,872	441,429	26,789	421,137	247,181	1,687,408
Banking Guarantees	414,736	263,934	6,274	280,435	4,672,627	5,638,006
Letters of credit	17,156	27,021	737	78,368	-	123,282
<b>Total</b>	<b>982,764</b>	<b>732,384</b>	<b>33,800</b>	<b>779,940</b>	<b>4,919,808</b>	<b>7,448,696</b>

Description	31 December 2018					
	Stage 1		Stage 2		Stage 3	Total
	Collective	Individual	Collective	Individual		
	JD	JD	JD	JD	JD	JD
Unutilized limits	603,676	346,594	10,028	950,889	424,969	2,336,156
Banking Guarantees	286,510	165,984	3,061	280,968	4,702,158	5,438,681
Letters of credit	14,853	28,586	335	99,272	-	143,046
<b>Total</b>	<b>905,039</b>	<b>541,164</b>	<b>13,424</b>	<b>1,331,129</b>	<b>5,127,127</b>	<b>7,917,883</b>

## 68. Lawsuits filed against the Bank

- The lawsuits filed against the Bank (self) amounted to JD 10,341,217 as of 31 December 2019 with required provision of JD 37,568 (provision booked amounted to JD 75,000 instead of JD 37,568) compared to JD 10,369,384 as of 31 December 2018 with a provision of JD 49,166. The lawsuits filed against the Bank (joint) as of 31 December 2019 amounted to JD 10,084,339 with a provision of JD 39,495 compared to JD 10,051,818 as of 31 December 2018 with a provision of JD 64,261.
- The Bank's management and its legal advisor believe that any obligations that may arise from the lawsuits against joint investments will be recognized within the investment risk fund, while the lawsuits against the Bank (self) will be covered by the established provision.

## 69. New accounting standards issued but not yet effective

### FAS 32 (Ijarah)

- This standard supersedes FAS 8 "Ijarah and Ijarah Muntahia Bittamleek". The standard aims at setting out principles for the classification, recognition, measurement, presentation and disclosure of Ijarah type transactions including their different forms entered into by an institution, in both the capacities of lessor and lessee.
- This standard shall be effective beginning or after 1 January 2021, with early adoption permitted.

### FAS 31 Investment Agency (Al-Wakala Bi Al-Istithmar)

- This standard defines the accounting principles and reporting requirements for investment agency (Al-Wakala Bi Al-Istithmar) transactions and instruments, in the hands of both the investor and the agent.
- This standard shall be effective beginning on or after 1 January 2020, with early adoption permitted. The standard requires the investor to evaluate the nature of the investment as either a) a pass-through investment or b) wakala venture.

### Pass-through Investment

- A pass-through investment is an investment in which the involvement of the Wakeel, as well as, the options for transferability of the instrument are limited and the investor principally takes a direct exposure on the underlying assets. An investor shall apply the pass-through investment approach for its investments in an investment agency instruments; unless it opts to apply the wakala venture approach.
- Under this approach, the investor shall initially recognize the assets underlying the wakala arrangement in its books of account applying the initial recognition principles as applicable in line with respective FAS.

### Wakala Venture Approach

- The investor may opt to apply the wakala venture approach if, and only if, the investment agency contract meets any of the conditions required under certain conditions.
- Under this approach, an investment shall be accounted for in the books of the investor applying the "equity method of accounting".
- Where the investment shall be recognized initially at cost and subsequently shall be measured at the end of the financial period at carrying amount and shall be adjusted to include the investor's share of profit or loss of the wakala venture.

From the Wakeel perspective, the standard requires that at inception of the transaction the wakeel shall recognize an agency arrangement under off-balance sheet approach since the wakeel does not control the related assets/business. However, there are exceptions to off-balance sheet approach where by virtue of additional considerations attached to the instrument based on investment agency may mandate the same to be accounted for as on-balance sheet.

**(FAS) 30 “Impairment and Credit Losses”**

- The objective of this standard is to establish the principles of accounting and financial reporting for the impairment and credit losses on various Islamic financing, investment and certain other assets of Islamic financial institutions, and related provisions to be in line with ever-changing global best practices.

**FAS 35 Risk Reserves**

- This standard defines the accounting and financial reporting principles for risk reserves to be in line with global best practices for accounting and risk management. This standard complements FAS 30 “Impairment, Credit Losses and Onerous Commitments”. Both standards FAS 35 & FAS 30 together supersede the earlier FAS 11 “Provisions and Reserves”. This standard shall be effective beginning or after 1 January 2021, with early adoption is permitted, only if the financial institution decided to early adopt FAS 30.

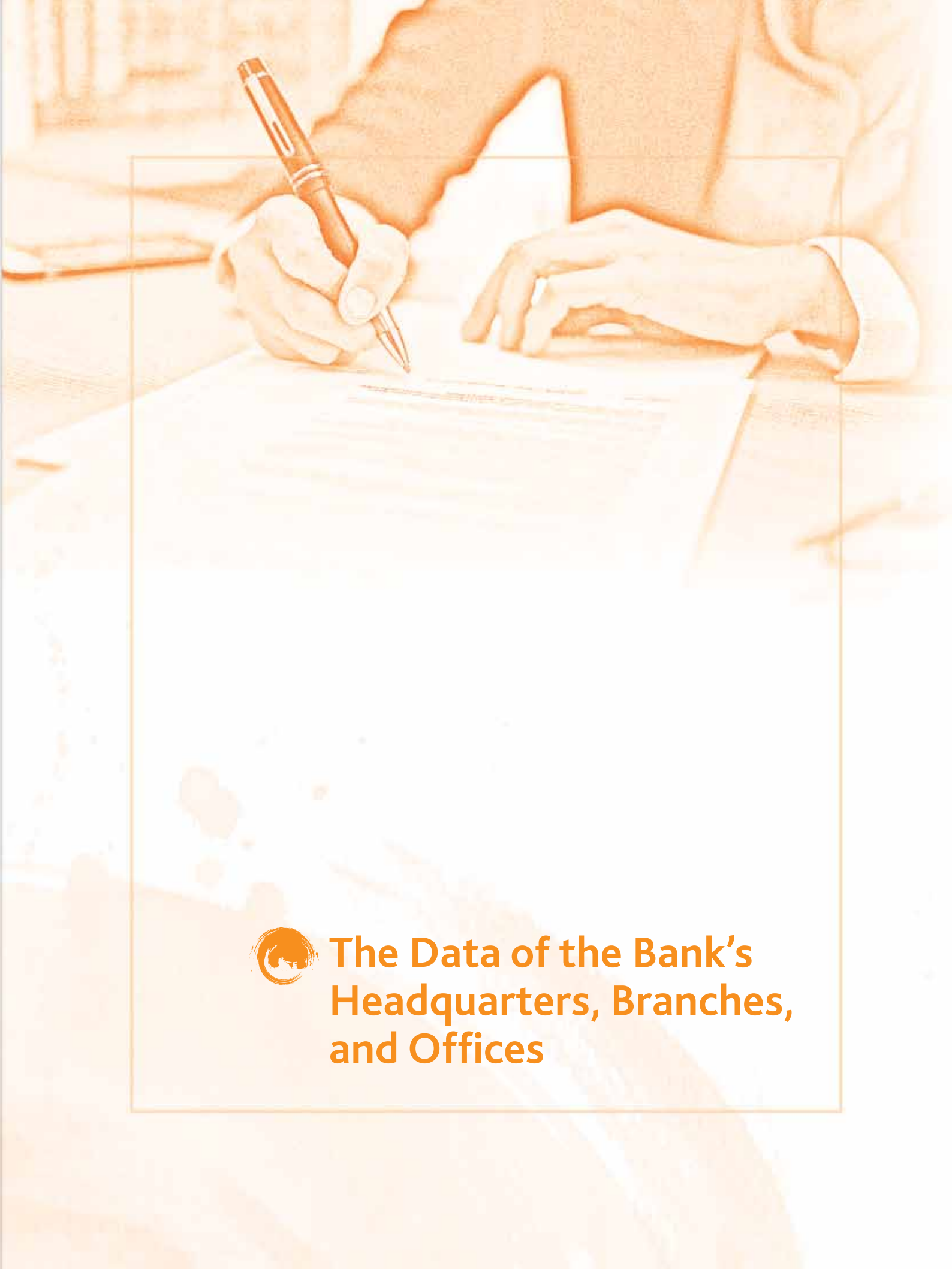
**FAS 34 Financial Reporting for Sukuk -holders**

- This standard prescribes the accounting principles and reporting requirements for underlying assets of a sukuk instrument. It requires the originator to prepare or cause to prepare financing reports as needed under this standard. This standard shall be effective from the financial periods beginning on or after 1 January 2020, with early adoption permitted.

**70. Comparative figures**

Some of the 2018 figures were reclassified to correspond with period ended 31 December 2019 presentation with no effect on equity or income for the year 2018.





## **The Data of the Bank's Headquarters, Branches, and Offices**

## The Data of the Bank's Headquarters, Branches, and Offices

Web site: <http://www.jordanislamicbank.com>

e-mail: [jib@islamicbank.com.jo](mailto:jib@islamicbank.com.jo)

Contact Centre: Tel: +962 6 5680001



<https://www.facebook.com/JordanIslamicBankOfficial>

HQ/ Branch	Address	Tel.	Fax	P.O. Box	Postal Code	No. of Employees
Head Office	Culture Street/ Shmaisani / Amman	+962 6 5677377 +962 6 5666325	+962 6 5666326 +962 6 5684755	926225	11190	716
Shmaisani Branch	Culture Street / Shmaisani / Amman	+962 6 5677107 +962 6 5623613	+962 6 5691700 +962 6 5623612	925997	11190	43
Amman Branch	King Faisal Str./ Amman	+962 6 4638306 +962 6 4653306	+962 6 4652400 +962 6 4614299	7987	11118	26
Jabal Al-Hussein Branch	Khalid bin Al Walid Str. / Amman	+962 6 5694403 +962 6 5673408	+962 6 5692057	926943 921047	11110	31
Zarqa Branch	King Hussein Str. Zarqa	+962 5 3981401 +962 5 3984667	+962 5 3930911	5753	13111	40
Wehdat Branch	Prince Hassan Str./ Amman	+962 6 4744361 +962 6 4778101	+962 6 4789144 +962 6 4751645	16165	11152	28
Irbid Branch/ Baghdad St.	Baghdad Str./ Irbid	+962 2 7245151 +962 2 7240728	+962 2 7247051 +962 2 7240730	1950	21110	38
Bayader Wadi Essir Branch	Main Street / Al Bayader	+962 6 5816152 +962 6 5859662	+962 6 5824162	140223	11814	29
Aqaba Branch	Al Darb – Princess Haya Circle / Aqaba	+962 3 2014315 +962 3 2014317	+962 3 2014313	1048	77110	23
Ma'adaba Branch	Petra Str./ Ma'adaba	+962 5 3242802 +962 5 3248898	+962 5 3244702	695	17110	24
Sweileh Branch	King Hussein Str./ Sweileh	+962 6 5341563 +962 6 5359879	+962 6 5349461	717	11910	19
Ma'an Branch	King Hussein Str./ Ma'an	+962 3 2132235 +962 3 2131799	+962 3 2131733	204	71111	20
Kerak Branch	Italian Str. Kerak	+962 3 2353513 +962 3 2352636	+962 3 2353508 +962 3 2353484	220	61110	25
Jerash Branch	King Abdullah St./ Jerash	+962 2 6352652 +962 2 6352653	+962 2 6352654 +962 2 6352264	32	26110	30
Mafrq Branch	King Faisal Str./ Mafrq	+962 2 6231974 +962 2 6230381	+962 2 6232212	68	25110	25
Salt Branch	Al Bayyadah Str./ Salt	+962 5 3553790 +962 5 3557985	+962 5 3553792	1035	19110	17

Branch	Address	Tel.	Fax	P.O. Box	Postal Code	No. of Employees
Tafileh Branch	Municipality Str./ Tafileh	+962 3 2242647 +962 3 2242648	+962 3 2242650	42	66110	22
Al Rawdah Branch	Al Rawdah Str./ Amman	+962 6 5159721 +962 6 5152774	+962 6 5151773	961155	11196	22 (Including the services employees in Alrawda branch)
Rusifeh Branch	King Hussein Str./ Rusifeh	+962 5 3744756 +962 5 3743698	+962 5 3744758	1138	13710	20
Saqf Al-Seel Branch	Saqf Al-Seel/ Amman	+962 6 4614801 +962 6 4615974	+962 6 4614805 +962 6 4616256	182059	11118	26
Irbid Branch / AlHashmi Str.	Al-Hashmi Str./ Irbid	+962 2 7279401 +962 2 7276821	+962 2 7279405 +962 2 7276437	501	21101	34
Ajloun Branch	Opposite to the Consumers Corporation / Ajloun	+962 2 6420777 +962 2 6421004	+962 2 6420700	167	26810	25
Al-Weibdeh Branch	Abdali / Opposite to the Vehicles Public Parking Area/ Amman	+962 6 4616420 +962 6 4616340	+962 6 4616450	927988	11190	14
Deir Abi Said Branch	King Hussein Str./ Deir Abi Said	+962 2 6521551 +962 2 6521654	+962 2 6521553	45	21710	21
Yarmouk St. Branch	Yarmouk Str./ Amman	+962 6 4757161 +962 6 4757162	+962 6 4757169	620823	11162	18
Abu Alanda Branch	Ring Road/ Amman	+962 6 4162001 +962 6 4162973	+962 6 4162971	742	11592	21
Sahab Branch	Behind the vegetable market / Sahab	+962 6 4023801 +962 6 4023804	+962 6 4023803	647	11511	21
Marka Branch	King Abdullah Str./ Amman	+962 6 4889311 +962 6 4894399	+962 6 4886633	340965	11134	25
Mu'tah Branch	University Str./ Mu'tah	+962 3 2370001 +962 3 2370285	+962 3 2371804	50	61621	31
Gwairieh Branch	King Ghazi Str./ Zarqa	+962 5 3930901 +962 5 3930902	+962 5 3930903	150266	13115	14
Ramtha Branch	Banks Str./ Ramtha	+962 2 7380490 +962 2 7380493	+962 2 7380494	546	21410	26
Al-Hashmi AlShamali Branch	Jabal Al Hashmi Al- Shamali / Amman	+962 6 5052111 +962 6 5051117	+962 6 5055114	230693	11123	19
Al- Hashmieh Branch	Al Hashmieh / Zarqa	+962 5 3811701 +962 5 3811705	+962 5 3811709	185	13125	15
Irbid Branch / Hakama Str.	Hakama Str./ Irbid	+962 2 7401352 +962 2 7401357	+962 2 7401361	230101	21110	19
Al – Baqa'a Branch	Al-Baqa'a Camp / Al- Baqa'a	+962 6 4726333 +962 6 4726335	+962 6 4726334	825	19381	19

Branch	Address	Tel.	Fax	P.O. Box	Postal Code	No. of Employees
Jabal Attaj Branch	Haouz Str./ Amman	+962 6 4752300 +962 6 4755644	+962 6 4752302	410676	11141	18
Kufranja Branch	Main Str./ Kufranja	+962 2 6454501 +962 2 6454609	+962 2 6454510	61	26873	15
Al Nasr Branch	Sabra & Shatila Str./ Amman	+962 6 4921400 +962 6 4921406	+962 6 4921409	425838	11140	19
Yajooz Branch	Main Street / Yajooz	+962 5 3745150 +962 5 3745152	+962 5 3745153	120032	13712	18
Hai Nazal Branch	Al Dostor Str./ Amman	+962 6 4397930 +962 6 4397931	+962 6 4397937	710999	11171	25
Tla' Al-Ali Branch	Tla' Al-Ali / Amman	+962 6 5333184 +962 6 5340255	+962 6 5342744	1582	11953	19
Hai Ma'ssoum Branch	Al-Farouq Str./ Zarqa	+962 5 3935401 +962 5 3935418	+962 5 3935427	11897	13118	17
Abdullah Gosheh Str., Branch	Umn Al-Sumaq / Amman	+962 6 5857520 +962 6 5857521	+962 6 5857529	709	11821	18
Irbid Branch/ Eidoun St.	Eidoun / Irbid	+962 2 7254756 +962 2 7254760	+962 2 7254763	620595	21162	21
Wasfi Al-Tal Str., Branch	Wasfi Al-Tal Str./ Amman	+962 6 5528102 +962 6 5528095	+962 6 5528075	961021	11196	25
Al- Nuzha Branch	Jabal Al-Nuzha / Amman	+962 6 5673325 +962 6 5673397	+962 6 5673635	240448	11124	18
Marj Al Hammam Branch	Marj Al-Hamam Str./ Amman	+962 6 5714077 +962 6 5714556	+962 6 5715538	1093	11732	18
Wadi Musa Branch	Main Street, Wadi Musa	+962 3 2157919 +962 3 2157920	+962 3 2157922	53	71810	14
Al Jeibiha Branch	Main Street / Amman	+962 6 5344261 +962 6 5344237	+962 6 5344239	874	11941	17
Tareq Branch/ Tabarboor	Shehab Al-Habri Str./ Amman	+962 6 5060436 +962 6 5060541	+962 6 5060548	295	11947	24
Irbid Branch / Palestine Street	Palestine Str./ Irbid	+962 2 7262101 +962 2 7262105	+962 2 7262109	3922	21110	23
Al-Zarqa AlJadeedah Branch	Makka Mukarama Str./ Zarqa	+962 5 3852402 +962 5 3852405	+962 5 3852410	150472	13115	18
Deir Alla Branch	Main Street / Deir Alla	+962 5 3573520 +962 5 3573521	+962 5 3573525	44	18210	17
Al-Sweifeh Branch	Al-Sweifeh / Amman	+962 6 5812226 +962 6 5812227	+962 6 5812029	142643	11844	15



Branch	Address	Tel.	Fax	P.O. Box	Postal Code	No. of Employees
Abu Nsair Branch	Abu Nsair/ Amman	+962 6 5236325 +962 6 5236326	+962 6 5236329	541405	11937	19
Al-Thaniya Branch	Al-Thaniya / Kerak	+962 3 2386626 +962 3 2386627	+962 3 2386632	15	61151	17
Khraibt Essouq Branch	Khraibt Essouq / Amman	+962 6 4120846 +962 6 4120928	+962 6 4120894	987	11621	20
Khalda Branch	Amer bin Malek Str./ Amman	+962 6 5545948 +962 6 5536296	+962 6 5542813	4428	11953	16
Al-Shoneh AlShamalieh Branch	Main Street / AlShoneh AL-Shamalieh	+962 2 6580282 +962 2 6580275	+962 2 6580298	15	28110	14
Al-Qasr Branch	Al-Qasr / Kerak	+962 3 2315050 +962 3 2315590	+962 3 2315524	32	61210	15
Jabal Amman Branch	Jabal Amman / Amman	+962 6 4633016 +962 6 4633017	+962 6 4633048	840610	11180	14
Al-Dlail Branch	Tareq Complex / Al-Dlail	+962 5 3825179 +962 5 3825180	+962 5 3825181	190	13136	14
Wadi Al Hajar Branch	Zarqa / Highway Street	+962 5 3651990 +962 5 3652304	+962 5 3651034	1927	13110	15
Irbid Branch/ Al Hosn	Al Hosn/ Irbid	+962 2 7012401 +962 2 7012402	+962 2 7012404	357	21510	15
Bawabit Al Salt Branch	King Abdullah II Street, Opposite to the Justice Palace/ Salt	+962 5 3530591 +962 5 3530639	+962 5 3550453	484	19110	16
Naur Branch	Western Madaba Street – Martyr Circle / Amman	+962 6 5725861 +962 6 5725864	+962 6 5725870	114	11710	14
Islamic Hospital Branch	King Hussein St. Amman	+962 6 5657261 +962 6 5657262	+962 6 5657264	928430	11190	14
Al-Huriah Street Branch	Al-Huriah Street / Al-Muqableen	+962 6 4205617 +962 6 4206259	+962 6 4205769	606	11623	16
Al Yasmin District Branch	Al Yasmin District/ Amman	+962 6 4205413 +962 6 4205347	+962 6 4205386	710068	11117	17
Al Shouneh Al Janoubayeh Branch	King Hussein Bridge Street / Al Shouneh Al Janoubayeh	+962 5 3581173 +962 5 3581175	+962 5 3581194	23	18110	12
Sourhtern Marka Branch	Saleh Al Hamalan Street (previously Al Feda'), Sourhtern Marka / Amman	+962 6 4900205 +962 6 4900193	+962 6 4900208	420300	11142	14

Branch	Address	Tel.	Fax	P.O. Box	Postal Code	No. of Employees
Jizah Branch	Desert Road – Jizah	+962 6 4460159 +962 6 4460165	+962 6 4460166	282	16010	13
Shawbak Branch	Main Street – Departments Complex / Shawbak	+962 3 2165460 +962 3 2165467	+962 3 2165461	66	71910	12
Irbid Branch/ Bani Kenanah	Sama Al- Rosan Intersectoin Bani Kenanah / Irbid	+962 2 7585150 +962 2 7585152	+962 2 7585124	25	21129	16
Irbid City Centre Branch	Prince Hasan Str. City Centre/ Irbid	+962 2 6911305 +962 2 6911306	+962 2 6911309	1233	21110	15
Abdoun Branch	Abdoun – North Abdoun neighbourhood – Fawzi Al Qawqji – building No (5)	+962 6 5922782 +962 6 5922645	+962 6 5922834	852745	11185	13
Bawabt Jerash Branch	Main Street - Towards Ajloun City - Opposite Jerash Secondary School For Boys	+962 2 6340115 +962 2 6340122	+962 2 6340130	1003	26110	14
Western Zarqa Branch*	Zarqa – Al Zawahra District - Birin Street - Opposite to Cordoba College (formerly)	+962 5 3924805 +962 2 3924829	+962 5 3924836	5016	13111	12
Ain Al Basha Branch	Al Balqa Governorate - Ain Al Basha Municipality – opposite Ain Al Basha Gas Station - near the traffic light	+962 6 4726834 +962 6 4726894	+962 6 4726904	77	19384	12
Madaba Western Branch	Madaba - Amman Madaba Western Road - opposite the Electricity Company	+962 5 3241731	+962 5 3241764	152	17110	13
Northern Badia Branch	Mafraq - Salhiya Municipality - Baghdad International Street	+962 2 6282369	+962 2 6282882	60	54510	11

\* Opened on 31/1/2019.

Office	Address	Tel.	Fax	P.O. Box	Postal Code	No. of Employees
Industrial City Office / Sahab	Industrial City/ Sahab	+962 6 4029720 +962 6 4029722	+962 6 4029725	259	11512	4
C-Twon Office	Amman Mall/ Amman	+962 6 5528394 +962 6 5528395	+962 6 5528397	1582	11953	4
Hettein Camp Office	Hettein Camp Rusaifa	+962 5 3611253 +962 5 3611254	+962 5 3611328	2720	13713	4
Awjan Office	Main St./ Awajan	+962 5 3656663 +962 5 3656664	+962 5 3655029	8545	13162	3
Istiqlal Mall Office	Istiqlal St./ Al Nuzha	+962 6 5683936 +962 6 5683937	+962 6 5683897	922503	11192	5
Al Marj Office	Al Mark/ Al Kerak	+962 3 2341494 +962 3 2341496	+962 3 2341495	14	61112	4
Basira Office	Bsira/ Al Tafeila	+962 3 2267082 +962 3 2267087	+962 3 2267105	54	66610	4
Irbid Office/ Al Tayybeh	Al Tayybeh/ Irbid	+962 2 7330039 +962 2 7330041	+962 2 7330456	17	21810	4
Free Zone Office	Gate No. (1) – Free Zone, Zarqa	+962 5 3826739 +962 5 3826762	+962 5 3826741	186	13134	5
Al-Sbeihi Office	Downtown – Al – Arda Region, Al-Sbeihi	+962 5 3523466 +962 5 3523495	+962 5 3523510	484	19110	5
Al Shajara Office	King Hussein Street – Al Shajara, Ramtha	+962 2 7359348 +962 2 7359377	+962 2 7359366	42	21382	5
Aqaba Office	Tunisian Baths Street / Aqaba	+962 3 2014665 +962 3 2014687	+962 3 2031706	1048	77110	6
Madaba Office	Amman – Madaba west road – Opposite to the Electricity Company / Madaba	+962 5 3241731 +962 5 3241756	+962 5 3241756	695	17110	5
Al Huseiniyah Office	Al Huseiniyah – South Mazar/ Karak	+962 3 2332709 +962 3 2332711	+962 3 2332712	50	61621	5
Balama Office	Balama – Next to Balama Judicial Department / Mafrqa	+962 2 6203931 +962 2 6203932	+962 2 6203937	185	13125	4
Sameh Mall Office	Martyr Street, Commercial Complex – Areefah Mall / Amman	+962 6 5066236 +962 6 5065730	+962 6 5066779	295	11947	3
Wadi Essir Office	Iraq Al Amir Street – Wadi Essir / Amman	+962 6 5865424 +962 6 5864780	+962 6 5864891	140223	11814	6

Office	Address	Tel.	Fax	P.O. Box	Postal Code	No. of Employees
Sports City Office	Queen Rania Al Abdullah Street, Sports City Circle / Amman	+962 6 5656872 +962 6 5657912	+962 6 5658097	926943	11110	4
Wasfi Tal Str. Office	Wasfi Tal Str. (Prev. Gardens Str.) Bulding No. 94, besides Al Tabba'a Mosque	+962 6 5693372 +962 6 5693465	+962 6 5693469	961021	11196	5
Theban Office	Main Str. (Royal Road- Theban - Kerak)- Theban- Madaba	+962 5 3207466 +962 5 3207467	+962 5 3207469	695	17110	6
Ebbien Ebilleen Office	Ishtafina Junction, Ebien Ebilleen Region, Ajloun	+962 2 6440369 +962 2 6440375	+962 2 6440372	167	26810	5
Shafa Badran Office	Baladyet shafa Badran – Beren road – near Amman playgrounds - Amman	+962 6 5231048 +962 6 5231085	+962 6 5231287	49	11934	5
Al Hassa office	Lewaa Al Hassa- Desert road – near al Istiklalia military institution	+962 3 2277251 +962 3 2277269	+962 3 2277274	55	64610	4
Ain al Basha office	Al Balqa goverenorate – Ain al Basha baladya – opposite to Ain AlBasha kazba – near the light signal (Al Sehia light signal)	+962 6 4726834 +962 6 4726894	+962 6 4726904	77	19384	6
Al Torra Office	Irbid governorate – lewaa Al Ramtha – Al Tarra – the main street – Dewar martyr Moaz Al Kassarba	+962 2 7361090 +962 2 7361094	+962 2 7361096	2	52110	5
Bawabet Al Mafrag office	Al Mafrag governorate – Dr. Khaled Abu Samaka Street – in the direction of Al Al Baiet university	+962 2 6236754 +962 2 6236765	+962 2 6236766	563	25110	5
Al Jubiha Office	Capital Governorate - Jubaiha - Abdullah Al Lozi Street - Near Al Jubaiha Municipality Building - Building No. (36)	+962 6 5334043 +962 6 5334016	+962 6 5334597	874	11941	4

Office	Address	Tel.	Fax	P.O. Box	Postal Code	No. of Employees
Al Rasheed Suburb Office	Capital Governorate - Jubaiha - Al Rasheed Suburb- Akef Al Fayez Street - Next to Omaima Housing - Building No. (70)	+962 6 5150065 +962 6 5150056	+962 6 5159821	961155	11196	5
Irbid Office/ Northern Mazar *	Irbid Governorate - Northern Mazar Province - Main Street - Near Al-Mazar Al-Kabeer Mosque	+962 2 7034026 +962 2 7034023	+962 2 7034041	8	21610	6
Pavilion Mall office	Capital Governorate - Jasmine Suburb - Badr District - Al-Hamraniya District - Muhammad Al-Fateh Street - Pavilion Mall Complex	+962 6 4393511 +962 6 4393512	+962 6 4393566	710068	11117	4
Al-Bonded Office	Sahab Industrial City / Sahab	+962 6 4029727 +962 6 4029728	+962 6 4029729	259	11512	13

- The Bank has not any branches or offices outside the Kingdom.