

CAIRO AMMAN BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – THE HASHEMITE KINGDOM OF JORDAN

CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS FOR THE
SIX-MONTH PERIOD ENDED
JUNE 30, 2020
TOGETHER WITH THE REVIEW REPORT

CAIRO AMMAN BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – THE HASHEMITE KINGDOM OF JORDAN
June 30, 2020

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Review Report

AM/009489

To the Chairman and Members of the Board of Directors
Cairo Amman Bank
(A Public Shareholding Limited Company)
Amman – The Hashemite Kingdom of Jordan

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Cairo Amman Bank (A Public Shareholding Limited Company) as of June 30, 2020 and the related condensed consolidated interim statements of profit or loss, comprehensive income, changes in owners' equity and cash flows for the three and six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard IAS (34) as adopted by Central Bank of Jordan relating to interim financial reporting. Our responsibility is to express a conclusion on these condensed consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material aspects, in accordance with International Accounting Standards IAS (34) as adopted by Central Bank of Jordan relating to condensed interim financial reporting.

Other Matters

The accompanying condensed consolidated interim financial statements are a translation of the condensed consolidated interim financial statements in the Arabic language to which reference is to be made.

Amman – The Hashemite Kingdom of Jordan
July 29th, 2020


Deloitte & Touche (M.E.) – Jordan
ديلويت أند توش (الشرق الأوسط)
010101

CAIRO AMMAN BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

		June 30, 2020 (Reviewed not audited)	December 31, 2019 (Audited)
	Note	JD	JD
Assets			
Cash and balances at Central Banks	5	239,288,380	332,657,295
Balances at banks and financial institutions	6	188,475,532	158,785,257
Deposits at banks and financial institutions	7	71,543,584	88,040,014
Financial assets at fair value through Profit or loss	8	7,138,042	9,405,269
Financial assets at fair value through other comprehensive income	9	48,148,134	55,412,453
Financial assets at amortized cost - net	10	722,055,712	675,853,262
Financial assets pledged as collateral	11	121,150,000	73,714,000
Direct credit facilities - net	12	1,680,590,213	1,599,075,578
Property and equipment - net		42,606,791	42,521,471
Intangible assets - net		5,107,225	6,085,563
Right of use assets - net		27,166,623	27,979,663
Deferred tax assets	16	11,307,648	9,325,649
Other assets	13	58,385,010	54,945,161
Total Assets		3,222,962,894	3,133,800,635
Liabilities And Owners' Equity			
Liabilities:			
Banks and financial institutions' deposits		286,784,135	296,058,936
Customers' deposits	14	2,041,053,051	2,050,955,995
Margin accounts		78,087,584	58,704,352
Borrowed funds	15	282,332,616	226,319,099
Subordinated Loans		18,540,350	18,540,350
Sundry provisions		15,299,843	15,069,457
Income tax provision	16	8,599,554	16,954,411
Lease liabilities		25,592,238	25,927,574
Deferred tax liabilities		773,243	804,942
Other liabilities	17	106,693,036	65,236,153
Total Liabilities		2,863,755,650	2,774,571,269
Owners' Equity			
BANK'S SHAREHOLDERS' EQUITY			
Authorized and paid-up capital		190,000,000	190,000,000
Statutory reserve		79,007,427	79,007,427
General banking risk reserve		3,854,197	3,854,197
Cyclical fluctuations reserve		10,894,653	10,894,653
Fair value reserve - net	18	(13,500,048)	(7,848,900)
Retained earnings	19	73,882,532	73,967,732
Profit for the period - after tax		6,158,382	-
Total Bank's Shareholders' Equity		350,297,143	349,875,109
Non-controlling interest		8,910,101	9,354,257
Total Owners' Equity		359,207,244	359,229,366
Total Liabilities and Owners' Equity		3,222,962,894	3,133,800,635

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED
CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM
AND WITH THE ACCOMPANYING REVIEW REPORT.

CAIRO AMMAN BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME
(REVIEWED NOT AUDITED)

	Note	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
		2020	2019	2020	2019
		JD	JD	JD	JD
Interest income	20	42,331,789	46,307,031	86,248,060	90,761,028
Interest expense	21	16,496,507	20,754,172	35,361,501	40,769,087
Net interest income		25,835,282	25,552,859	50,886,559	49,991,941
Net commission income		3,610,472	4,791,826	8,565,245	9,513,100
Net interest and commission income		29,445,754	30,344,685	59,451,804	59,505,041
Gain from foreign currencies		789,166	1,187,406	2,285,356	2,233,988
(Loss) Gain from financial assets at fair value through Profit or loss	22	(355,359)	3,606	(1,669,392)	341,991
Dividends from financial assets at fair value through other comprehensive income	9	2,154,122	673,555	2,154,122	2,810,415
Other income		1,320,891	1,832,598	2,701,837	3,272,577
Gross profit		33,354,574	34,041,850	64,923,727	68,164,012
Employees' expenses		10,552,877	10,628,849	21,057,406	21,450,796
Depreciation and amortization		2,265,154	2,368,374	4,575,493	4,661,451
Other expenses		9,223,918	8,337,681	17,737,372	16,249,061
Expected credit loss	23	5,798,363	2,452,386	10,229,945	6,831,030
Sundry provisions		213,977	(383,972)	696,171	58,564
Total expenses		28,054,289	23,403,318	54,296,387	49,250,902
Profit for the period before tax		5,300,285	10,638,532	10,627,340	18,913,110
Income tax expense	16	2,388,065	4,023,288	4,913,114	7,088,805
Profit for the period		2,912,220	6,615,244	5,714,226	11,824,305
Attributable to:					
Bank's shareholders		3,114,902	6,607,407	6,158,382	12,074,981
Non-controlling interest		(202,682)	7,837	(444,156)	(250,676)
Profit for the period		2,912,220	6,615,244	5,714,226	11,824,305
		JD/ Fils	JD/ Fils	JD/ Fils	JD/ Fils
Basic and diluted earnings per share (Bank's shareholders)	24	0/016	0/035	0/032	0/064

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FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT

CAIRO AMMAN BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(REVIEWED NOT AUDITED)

	For the Three Months		For the Six Months	
	Ended June 30,		Ended June 30,	
	2020	2019	2020	2019
	JD	JD	JD	JD
Profit for the period	2,912,220	6,615,244	5,714,226	11,824,305
Other comprehensive income items:				
Items which will not be converted subsequently to the condensed consolidated statement of income:				
change in fair value reserve after tax	(2,470,211)	1,075,062	(5,736,348)	(1,306,029)
Total Comprehensive Income for the Period	442,009	7,690,306	(22,122)	10,518,276
Total Comprehensive income for the period attributable to:				
Bank's shareholders	644,691	7,682,469	422,034	10,768,952
Non-controlling interest	(202,682)	7,837	(444,156)	(250,676)
Total Comprehensive Income for the Period	442,009	7,690,306	(22,122)	10,518,276

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED FINANCIAL
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INTERIM WITH THE ACCOMPANYING REVIEW REPORT.

CAIRO AMMAN BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN OWNERS' EQUITY
(REVIEWED, NOT AUDITED)

	Authorized and Paid-up Capital	Statutory Reserve	General Banking Risk Reserve *	Cyclical Fluctuations Reserve	Fair Value Reserve - Net	Retained Earnings	Profit for the Period	Total Shareholders' Equity	Non-controlling Interests	Total Owners' Equity
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
June 30, 2020										
Balance at beginning of the period/ year	190,000,000	79,007,427	3,854,197	10,894,653	(7,848,900)	73,967,732	-	349,875,109	9,354,257	359,229,366
Total comprehensive income for the period	-	-	-	-	(5,736,346)	-	6,158,382	422,034	(444,156)	(21,122)
Loss from sale of financial assets at fair value through other comprehensive income	-	-	-	-	85,200	(85,200)	-	-	-	-
Balance at June 30, 2020	190,000,000	79,007,427	3,854,197	10,894,653	(13,500,048)	73,882,532	6,158,382	350,297,143	9,910,101	359,207,244
June 30, 2019										
Balance at beginning of the period/ year	180,000,000	74,578,456	3,230,765	10,891,362	(9,789,482)	77,486,036	-	336,397,137	9,942,932	346,340,069
Total comprehensive income for the period	-	-	-	-	(1,306,029)	-	12,074,981	10,768,952	(250,676)	10,518,276
Transferred to reserves	-	-	315,526	31,750	-	-	(347,276)	-	-	-
Increase in capital	10,000,000	-	-	-	-	(10,000,000)	-	-	-	-
Capital increase related expenses	-	-	-	-	-	(80,000)	-	(80,000)	-	(80,000)
Loss from sale of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-
Cash Dividends distributed	-	-	-	-	278,095	(278,095)	-	-	-	-
Balance at June 30, 2019	190,000,000	74,578,456	3,546,291	10,923,112	(10,817,416)	50,927,941	11,727,705	330,886,089	9,692,256	340,578,345

* The general banking risk reserve and the negative balance of the fair value reserve are restricted from use without a prior approval from the Central Bank of Jordan.

- As of June 30, 2020, the restricted retained earnings balance resulting from the early implementation of IFRS 9 amounted to JD 13,931,699.

- The retained earnings balance includes deferred tax assets amounting to JD 11,307,647 and is restricted from use in accordance with the instructions of the Central Bank of Jordan.

- The Bank cannot use a restricted amount of JD 13,500,048 which represents the negative fair value for the financial assets through other comprehensive income in accordance with the instructions of the Central Bank of Jordan and the Jordanian Securities Commission.

- The Bank cannot use a restricted amount of JD 1,155,916 which represents the remaining balance of the general banking risk reserve included in retained earnings in accordance with the instructions of the Central Bank of Jordan.

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CAIRO AMMAN BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
(REVIEWED NOT AUDITED)

	Note	For the Six Months Ended June 30,	
		2020	2019
Cash Flows from Operating Activities		JD	JD
Profit before tax for the period		10,627,340	18,913,110
Adjustments for:			
Depreciation and amortization		4,575,493	4,661,451
Provision for expected credit losses	23	10,229,945	6,831,030
Sundry provisions		696,171	58,564
Valuation loss of financial assets at fair value through income statement		2,108,964	501,779
(Gain) Loss from sale of property and equipment	22	(8,254)	148,239
(Gain) from sale of repossessed assets		-	(344,818)
Effect of exchange rate changes on cash and cash equivalents		(2,174,001)	(2,149,929)
Cash flow from operating activities before changes in net assets		26,055,658	28,619,426
Decrease in deposits at banks and financial institutions		16,322,190	43,865,061
Decrease in financial assets at fair value through Profit or loss		158,263	1,473,641
(Increase) in direct credit facilities		(90,130,939)	(24,329,994)
(Increase) in other assets		(2,600,295)	(2,010,921)
(Decrease) in banks and financial institution deposits (maturing after more than three months)		(17,910,000)	(28,000,000)
(Decrease) Increase in customers deposits		(9,902,944)	90,226,703
Increase in Cash margins		19,383,232	6,297,552
Increase in other liabilities		40,127,316	8,209,790
Net cash flows (used in) from operating activities before income tax and sundry provisions		(18,497,519)	124,351,258
Income tax paid	16	(13,480,122)	(12,388,397)
Sundry provisions paid		(465,785)	(336,309)
Net cash flows (used in) from operating activities		(32,443,426)	111,626,552
Cash Flows from Investing Activities			
(Purchase) of financial assets at fair value through other comprehensive income		(2,113,393)	(98,490)
Sale of financial assets at fair value through other comprehensive income		1,839,817	195,121
(Purchase) of other financial assets at amortized cost		(102,357,314)	(227,878,058)
Maturity and sale of other financial assets at amortized cost		8,314,101	87,131,161
(Purchase) of property and equipment		(3,642,739)	(2,423,658)
Sale of property and equipment - net		68,872	24,309
(Purchase) of intangible assets		(100,354)	(435,270)
Net cash flows (used in) investing activities		(97,991,010)	(143,484,885)
Cash Flows from Financing Activities			
Increase in borrowed funds		272,551,955	23,939,635
Borrowed funds settled		(216,538,438)	(27,103,170)
Dividends distributed to shareholders		-	(16,200,000)
Capital increase related expenses		-	(80,000)
Net cash flows from (used in) financing activities		56,013,517	(19,443,535)
Effect of exchange rate changes on cash and cash equivalents		2,174,001	2,149,929
Net (decrease) in cash and cash equivalents		(72,246,918)	(49,151,939)
Cash and cash equivalents - beginning of the period		287,777,448	159,785,124
Cash and cash equivalents - End of the Period	25	215,530,530	110,633,185

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CAIRO AMMAN BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – THE HASHEMITE KINGDOM OF JORDAN
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(REVIEWED NOT AUDITED)

1. General

- Cairo Amman Bank was established as a public shareholding company, registered and incorporated in Jordan in 1960, in accordance with the Jordanian Companies Laws and Regulations No. (12) for the year 1964.
- The Bank provides its banking and financial services through its head office located in Amman and its 95 branches located in Jordan, 21 branches in Palestine, one in Bahrain and through its subsidiaries.
- The Bank's shares are listed on the Amman Stock Exchange.
- The condensed consolidated interim financial statements were approved by the Bank's Board of Directors on July 28 2020.

2. Basis of Preparation of the Condensed Consolidated Interim Financial Statements

- The accompanying condensed consolidated interim financial statements have been prepared in accordance with the International Accounting Standard No. (34) "Interim Financial Reporting" adopted by Central Bank of Jordan.
- The condensed consolidated interim financial statements are prepared in accordance with the historical cost principle, except for financial assets and financial liabilities stated at fair value at the date of the condensed consolidated interim financial statements.

The major differences between the IFRS as they should be applied and what has been adopted at the Central Bank of Jordan are:

A- The expected credit loss provisions are configured in accordance with the IFRS (9) and in accordance with the instructions of the Central Bank of Jordan, whichever is aggressive, the fundamental differences are:

- The debt instruments issued by the Jordanian government or their guarantee, in addition to any other credit offers with the Jordanian government or guarantee, are excluded so that credit exposures are processed on the Jordanian government and guaranteed without credit losses.
- When calculating expected credit losses against credit exposures, the calculation results are compared in accordance with the IFRS Standard (9) with the instructions of the Central Bank of Jordan No. (47/2009) of 10 December 2009 for each stage at a time and the most severe results are taken.
- In some special cases the Central Bank of Jordan agrees on special arrangements to calculate expected credit loss for direct credit facilities agents during a period of time.

B- Interest, returns and commissions are suspended on non-active credit facilities and financing granted to customers in accordance with the instructions of the Central Bank of Jordan.

C- Assets that have been acquired by the Bank in fulfilment of a debt in the consolidated financial position list are reflected in other assets by the value of the bank's ownership or fair value, whichever is lower, and any depreciation of the consolidated financial statements is recorded as a loss in the consolidated income list and the increase is not recorded as revenue where the subsequent increase in the consolidated income list is taken to the extent that the amount of decline recorded earlier is taken to the extent that the value of the decline recorded above is not exceeded. A provision is calculated against the owned real estate against debts Under the Central Bank's circular no. 10/1/16239 on November 21, 2019. (5%) Of the total book values of these properties as of 2021, the required 50% is reached. Of those properties by the end of 2029.

- A certain provisions has been taken based on the Central Bank of Jordan circulars against foreign investments in foreign countries.
- The reporting currency of the condensed consolidated interim financial statements is the Jordanian Dinar, which is the functional currency of the Bank.
- The condensed consolidated interim financial statements does not include all notes and information presented in the annual financial statements which is prepared in accordance with the IFRS and should be read with the Bank's annual report for the year ended December 31, 2019. The results of the six months ended June 30, 2020 do not indicate the expected results for the year ending December 31, 2020, as there was no appropriation of the profit of the six months ended June 30, 2020 which is usually performed at year end.

The condensed consolidated interim financial statements include the condensed interim financial statements of the Bank and its subsidiaries under its control. Moreover, control is achieved when the Bank has the power to govern the financial and operating policies of its subsidiaries in order to obtain benefits from their activities, an example and not exclusive for the major differences between International Financial Reporting Standards and those which adopted by Central Bank of Jordan. Transactions, balances, income and expenses between the Bank and its subsidiaries are eliminated.

- The Bank owns the following subsidiaries as of June 30, 2020:

Company's Name	Paid-up Capital JD	Ownership Percentage %	Nature of Operation	Country of Operation	Ownership Date
			Investment Brokerage and Portfolio Management	Jordan	1992
Al-Watanieh Financial Services Company	5,500,000	100	Investment Brokerage	Palestine	1995
Al-Watanieh Securities Company	1,600,000	100	Finance Leasing	Jordan	2013
Tamallak For Financial Leasing Company	5,000,000	100	Islamic Banking	Palestine	2016
Safa Bank	53,175,000	79			

- The most important financial information for the subsidiaries as of June 30, 2020 is as follows:

	Al-Watanieh Financial Services Company (Awraq)		Al-Watanieh Securities Company	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
	JD	JD	JD	JD
Total Assets	20,518,571	17,814,522	2,717,367	2,025,376
Total Liabilities	11,307,112	8,883,052	1,540,725	763,945
Net Assets	9,211,459	8,931,470	1,176,642	1,261,431
	For the Period Ended June 30,		For the Period Ended June 30,	
	2020	2019	2020	2019
	JD	JD	JD	JD
Total Revenues	691,336	565,753	69,194	80,534
Total Expenses	341,542	324,093	153,983	137,092
	Tamallak For Financial Leasing Company		Safa Bank	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
	JD	JD	JD	JD
Total Assets	37,938,453	38,340,142	173,376,809	168,214,244
Total Liabilities	31,987,213	31,731,852	130,922,467	123,643,611
Net Assets	5,951,240	6,608,290	42,454,342	44,570,633
	For the Period Ended June 30,		For the Period Ended June 30,	
	2020	2019	2020	2019
	JD	JD	JD	JD
Total Revenues	723,599	824,979	1,336,342	1,574,157
Total Expenses	1,636,168	741,253	3,452,633	2,768,566

3. Significant accounting policies:

The accounting policies used in the preparation of this condensed consolidated interim financial information for the period ended June 30, 2020 are consistent with those used in the preparation of the Bank's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of certain new and revised standards, that became effective on or after January 1st, 2019 and did not have an impact on the bank's condensed consolidated interim financial information:

Amendments to international accounting standards (1) and (8) relating to the definition of importance

The amendments are intended to facilitate an understanding of the importance of IAS 1 and is not intended to change the basic concept of importance in the International Financial Reporting Standards. The concept of "blocking" of important information with non-critical information as part of the new definition.

The physical importance limit affecting users has been changed from "can affect" to "can reasonably be expected to affect".

The definition of importance in IFRS (8) has been replaced by a reference to the definition of importance in IFRS (1). In addition, the IASC has modified other standards and a conceptual framework that contains a definition of importance or refers to the term "importance" to ensure consistency.

The amendments were implemented with a future effect for annual periods starting on or after January 1, 2020.

Amendments to IAS No. 3 on business definition

The amendments show that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to be eligible for work. In order to be considered a business, the set of activities and assets acquired must, at a minimum, include substantial input and process that contribute significantly together in the ability to create outputs.

Additional instructions have been provided to help determine whether a substantive process has been obtained.

The modifications are optionally provide a focus test that allows for a simplified assessment to see if a range of acquired activities and assets is not a business. Under the optional concentration test, the group of activities and assets acquired is not a business if all fair values of total assets purchased are substantially concentrated in one specific asset or set of similar assets.

The amendments apply with a future effect on all mergers and asset acquisitions for which the date of acquisition is in or after the first annual reporting period that begins on or after January 1, 2020.

Amendments to conceptual framework references in the International Financial Reporting Standards

Along with the revised conceptual framework, which came into effect on March 29, 2018, the IASC also issued amendments to the references to the conceptual framework in the International Financial Reporting Standards. The document contains amendments to IFRSs (2), (3), (6) and (14) and International Accounting Standards (IAS) (1), (8), (34) and (38), interpretation of the International Accounting Standards Interpretation Committee (IASIC) (12), (19), (20) and (22) and interpretation of the (IASIC) No. (32).

However, not all modifications update those statements with regard to references and quotations from the framework so that they refer to the amended conceptual framework. Some statements have been updated only to refer to the version of the framework they refer to (IASC framework adopted by the IASC in 2001, the IASC framework for 2010, or the revised new framework for 2018) or to indicate that the definitions in the standard have not been updated with the new definitions developed in the revised conceptual framework.

The modifications, where they are already updated, apply for annual periods that start on or after January 1, 2020.

4. Significant Accounting Judgments and key Sources of Uncertainty Estimates:

Preparation of the condensed consolidated interim financial information and application of the accounting policies require management to make judgments, estimates, and assumptions that affect the amounts of financial assets and financial liabilities and to disclose potential liabilities. Moreover, these estimates and judgments affect revenues, expenses, provisions, in general, expected credit losses, as well as changes in fair value that appear in the consolidated statement of comprehensive income and within shareholders' equity. In particular, the Bank's management requires judgments to be made to estimate the amounts and timing of future cash flows. These estimates are necessarily based on multiple hypotheses and factors with varying degrees of estimation and uncertainty. Meanwhile, the actual results may differ from estimates due to the changes arising from the conditions and circumstances of those estimates in the future.

We believe that the estimates used in the preparation of these condensed interim financial information are consistent with those used in the annual consolidated financial information for the year ended December 31, 2019 except for the changes highlighted below:

The Coronavirus (Covid-19) outbreak in early 2020 in many geographical regions around the world has caused widespread disruptions to business, with a consequential negative impact on economic activity. Also, this event is witnessing continuous and rapid developments, which required the Group's management to conduct an evaluation of the expected effects on the Group's business inside and outside the kingdom, perform a study to review and evaluate potential risks, in addition to providing additional disclosures in the interim consolidated financial statements as of June 30, 2020. Accordingly, the Bank has taken the following measures to contain the crisis:

A. The Bank's plan to address the new Corona virus (COVID-19) pandemic

Before announcing any case of infection in Jordan, the Supreme Committee for Emergency has taken all necessary measures to ensure business continuity and customer service in the event of any emergency, through the formation of a specialized team to manage the crisis of the Corona virus spread in coordination with various sector heads and executives to ensure the implementation of a set of procedures, the most important of which are the following:

- Providing alternative locations for staff distribution to ensure work continuity and to maintain social distancing among employees.
- Activating the remote work feature for sensitive jobs in order to ensure the continuity of the provision of customer service through electronic channels and ATMs.
- Maintaining the safety of both employees and clients by taking all measures related to the sterilization of branches and workplaces.
- The bank has developed a monitoring plan to respond to disruption data and available alternatives periodically.

B. The impact of the new coronavirus (COVID-19) outbreak on the results of the Bank's operations

- In order to assess the crisis expected impact on the expected credit losses calculation results, a set of assumptions were used that relied on two main pillars to enable the Bank to monitor the impact of the crisis on its business, These two pillars are the following:

- Global practices for calculating credit losses based on International Financial Reporting Standard No. (9), and amendment of the calculation models developed for this purpose in a manner that leads to taking into account the impact of (COVID-19) event, and reaching reasonable expectations for the expected outputs of the impact.
- Management's overlay in assessing the impact on specific sectors or specific clients based on the study of each sector or customer separately.

The affected sectors have been divided into three main levels:

- Unaffected sectors (low-risk)
- Moderately affected sectors (medium risk)
- Highly affected sectors (high risk)

Reference has been made to the historical global economic indicators according to data maintained by Moody's Co., relating to economic crises, including: The crisis related to the economic downturn that occurred in 2002, as a result of the events of September 11th, whose impact was of medium intensity. As such, this was relatively relied upon for the sectors moderately affected. In addition, the crisis related to the economic downturn that occurred in 2008, which had a significant impact and was relatively relied upon for the sectors that were highly affected. Accordingly the following proposals have been made:

Impacting scenario ratios

According to the instructions of the Central Bank of Jordan regarding the application of International Financial Reporting Standard No. (9), banks must conduct several scenarios when calculating the expected credit losses, so that the final outcome of the results represents the "expected weighted credit losses for the scenarios". In this respect, the Bank adopts three scenarios: Base Scenario, Upturn Scenario, and Downturn Scenario. The weights of these scenarios are determined based on the results of the Normal Distribution Curve.

Probability of Default (PD) Ratios Scenarios

The Bank's sectors have been divided into the above-mentioned three levels, according to the Bank's estimates by the Business Sectors Division for the sectors most affected by the crisis and the severity of the impact according to the current conditions.

In coordination with the Business Sectors Department, the sectors most affected by the current crisis have been determined in order to reflect the impact of the crisis on the calculation models.

During the three months ending June 30, 2020 in coordination with the Bank's external consultants, the Bank's proposed methodology is to be discussed, and the best practices adopted by various banks in this regard are to be reviewed. The recommendation was that the effects of the crisis at the level of many countries have included all sectors due to its overlapping impact within several sectors. Therefore, all economic sectors have necessarily been greatly affected by the crisis. Accordingly, based on this recommendation, the following scenario has been adopted at the level of all economic sectors of the components of the portfolio, and the following weights have been applied:

	Weighted Average Retail Portfolio	Weighted Average Corporate Portfolio
Upturn Scenario	10%	30%
Base Scenario	20%	40%
Downturn Scenario	70%	30%

Loss Given Default (LGD)

During the period, the bank Calculate the loss given default percentage for all scenarios and stages related to all accounts based on the historical data approved by the bank regarding default conditions and the volume of recovery that were obtained by Moody's, noting that the cash flow Expected from the guarantees in exchange for the facilities granted have been reassessed.

Management Overlay

The Bank's management has reached logical expectations regarding the outputs of this event, in addition to reflecting the Bank's management overlay in assessing the impact on some sectors or some clients based on the study of each sector or customer separately.

C. The effect of the coronavirus (COVID-19) outbreak on the Bank's liquidity levels

The Bank has prepared all scenarios related to stressful situations, and it enjoys comfortable levels that enable it to respond to market conditions. In addition, the measures adopted by the Central Bank of Jordan have significantly enhanced the liquidity of the Jordanian banking system.

5. Cash and Balances at Central Banks

This item consists of the following:

	June 30, 2020	December 31, 2019
	JD	JD
Cash on hand	94,278,844	140,843,945
Balances at Central Banks:		
Current and demand accounts	16,166,644	31,117,768
Time and notice deposits	27,635,000	49,465,000
Statutory cash reserve	<u>101,226,751</u>	<u>111,234,561</u>
Total Balances at Central Banks:	145,028,395	191,817,329
Provision for expected credit losses (central banks)	(18,859)	(3,979)
Net Balances at Central Banks:	<u>145,009,536</u>	<u>191,813,350</u>
Total	<u>239,288,380</u>	<u>332,657,295</u>

- Restricted balances amounted to JD 10,635,000 as of June 30, 2020 (JD 10,635,000 as of December 31, 2019).

In addition to the statutory cash reserve as stated above.

- There are no balances that mature in a period more than three months as of June 30, 2020 and December 31, 2019.

- All balances at the Central Bank of Jordan are classified within stage 1 in accordance with the requirements of IFRS (9) and there are no transfers between stages 1, 2 and 3 or any written off balances as of June 30, 2020.

Movement on the balances at central banks during the period/ year is as follows:

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
<u>For the Six Months Ended June 30, 2020</u>				
Balance - beginning of the period / year	191,817,329	-	-	191,817,329
New balances during the period / year	3,114,908	-	-	3,114,908
Settled balances	<u>(49,903,842)</u>	-	-	<u>(49,903,842)</u>
Balance - End of the Period / Year	<u>145,028,395</u>	-	-	<u>145,028,395</u>
<u>For the Year Ended December 31, 2019</u>				
Balance - beginning of the period / year	220,280,217	-	-	220,280,217
New balances during the period / year	49,221,247	-	-	49,221,247
Settled balances	<u>(77,684,135)</u>	-	-	<u>(77,684,135)</u>
Balance - End of the Period / Year	<u>191,817,329</u>	-	-	<u>191,817,329</u>

Movement on the provision for expected credit losses during the period/ year:

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
<u>For the Six Months Ended June 30, 2020</u>				
Balance - beginning of the period / year	3,979	-	-	3,979
New balances during the period / year	15,932	-	-	15,932
Settled balances	(1,052)	-	-	(1,052)
Balance - End of the Period / Year	<u>18,859</u>	<u>-</u>	<u>-</u>	<u>18,859</u>

For the Year Ended December 31, 2019

Balance - beginning of the period / year	1,582	-	-	1,582
New balances during the period / year	5,278	-	-	5,278
Settled balances	(2,881)	-	-	(2,881)
Balance - End of the Period / Year	<u>3,979</u>	<u>-</u>	<u>-</u>	<u>3,979</u>

6. Balances at Banks and Financial Institutions

This item consists of the following:

	June 30, 2020 JD	December 31, 2019 JD
<u>Local Banks and Financial Institutions:</u>		
Current and demand accounts	536,146	93,368
Deposits maturing within 3 months or less	<u>80,874,525</u>	<u>76,035,381</u>
Total	<u>81,410,671</u>	<u>76,128,749</u>
<u>Foreign Banks and Financial Institutions:</u>		
Current and demand accounts	78,197,914	36,856,493
Deposits maturing within 3 months or less	<u>28,943,841</u>	<u>45,851,382</u>
Total	<u>107,141,755</u>	<u>82,707,875</u>
	188,552,426	158,836,624
<u>Less: provision for expected credit losses (balances at banks)</u>	<u>(76,894)</u>	<u>(51,367)</u>
Total	<u>188,475,532</u>	<u>158,785,257</u>

- Non-interest bearing balances at banks and financial institutions amounted to JD 78,734,060 as of June 30, 2020 (JD 35,204,542 as of December 31, 2019).

- There are no restricted balances as of June 30, 2020 and December 31, 2019.

Movement on the balances at balances at banks and financial institutions during the period/ year is as follows:

	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
<u>For the Six Months Ended June 30, 2020</u>	JD	JD	JD	JD
Balance - beginning of the period / year	158,836,624	-	-	158,836,624
New balances during the period / year	101,600,050	-	-	101,600,050
Settled balances	(71,884,248)	-	-	(71,884,248)
Balance - End of the Period / Year	<u>188,552,426</u>	<u>-</u>	<u>-</u>	<u>188,552,426</u>
<u>For the Year Ended December 31, 2019</u>				
Balance - beginning of the period / year	117,879,950	-	-	117,879,950
New balances during the period / year	170,193,824	-	-	170,193,824
Settled balances	(129,237,150)	-	-	(129,237,150)
Balance - End of the Period / Year	<u>158,836,624</u>	<u>-</u>	<u>-</u>	<u>158,836,624</u>

Movement on the provision for expected credit losses during the period/ year:

	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
<u>For the Six Months Ended June 30, 2020</u>	JD	JD	JD	JD
Balance - beginning of the period / year	51,367	-	-	51,367
Credit loss on new balances and deposits during the year	289,194	-	-	289,194
Reversed from credit loss on balances	(263,107)	-	-	(263,107)
Changes resulting from adjustments	(560)	-	-	(560)
Balance - End of the Period / Year	<u>76,894</u>	<u>-</u>	<u>-</u>	<u>76,894</u>
<u>For the Year Ended December 31, 2019</u>				
Balance - beginning of the period / year	27,250	-	-	27,250
Credit loss on new balances and deposits during the year	74,404	-	-	74,404
Reversed from credit loss on balances	(50,287)	-	-	(50,287)
Balance - End of the Period / Year	<u>51,367</u>	<u>-</u>	<u>-</u>	<u>51,367</u>

7. Deposits at Banks and Financial Institutions

This item consists of the following:

	June 30, 2020	December 31, 2019
	JD	JD
Deposit maturing within:		
More than 3 to 6 months	20,000	1,860,986
More than 6 to 9 months	-	29,231,645
More than 9 to 12 months	31,000,000	1,289,259
More than 12 months	<u>40,936,900</u>	<u>55,897,200</u>
Total	71,956,900	88,279,090
<u>Less: provision for expected credit losses (deposits at banks)</u>	<u>(413,316)</u>	<u>(239,076)</u>
Total	<u>71,543,584</u>	<u>88,040,014</u>

- There are no restricted deposits as of June 30, 2020 and December 31, 2019

The movement on deposits at banks and financial institutions during the period/ year is as follows:

	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
<u>For the Six Months Ended June 30, 2020</u>	JD	JD	JD	JD
Balance - beginning of the period / year	88,279,090	-	-	88,279,090
New deposits during the period / year	5,039,700	-	-	5,039,700
Matured deposits	(21,361,890)	-	-	(21,361,890)
Balance - End of the Period / Year	<u>71,956,900</u>	<u>-</u>	<u>-</u>	<u>71,956,900</u>
<u>For the Year Ended December 31, 2019</u>				
Balance - beginning of the period / year	89,819,476	-	-	89,819,476
New deposits during the period / year	60,871,460	-	-	60,871,460
Matured deposits	(62,411,846)	-	-	(62,411,846)
Balance - End of the Period / Year	<u>88,279,090</u>	<u>-</u>	<u>-</u>	<u>88,279,090</u>

Movement on the provision for expected credit losses during the period/ year:

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
<u>For the Six Months Ended June 30, 2020</u>	JD	JD	JD	JD
Balance - beginning of the period / year	239,076	-	-	239,076
Credit losses on new balances and deposits during the year	7,528	-	-	7,528
Reversed from credit loss on deposits	(16,133)	-	-	(16,133)
Changes resulting from adjustments	182,845	-	-	182,845
Balance - End of the Period / Year	<u>413,316</u>	<u>-</u>	<u>-</u>	<u>413,316</u>
<u>For the Year Ended December 31, 2019</u>				
Balance - beginning of the period / year	240,263	-	-	240,263
Credit losses on new balances and deposits during the year	35,985	-	-	35,985
Reversed from credit loss on deposits	(82,349)	-	-	(82,349)
Changes resulting from adjustments	45,177	-	-	45,177
Balance - End of the Period / Year	<u>239,076</u>	<u>-</u>	<u>-</u>	<u>239,076</u>

8. Financial Assets at Fair Value through Profit or loss

This item consists of the following:

	June 30, 2020	December 31, 2019
	JD	JD
Corporate shares	<u>7,138,042</u>	<u>9,405,269</u>
	<u>7,138,042</u>	<u>9,405,269</u>

9. Financial Assets at Fair Value through Other Comprehensive Income

This item consists of the following:

	June 30, 2020	December 31, 2019
	JD	JD
Quoted shares	42,427,488	49,901,170
Unquoted shares *	5,720,646	5,511,283
	<u>48,148,134</u>	<u>55,412,453</u>

- Dividends on investments amounted to JD 2,154,122 for the six months ended June 30, 2020
(JD 2,810,415 for the six months ended June 30, 2019)

* Fair value calculation for unquoted investments are based on the most recent financial data available.

10. Financial Assets at Amortized Cost - Net

This item consists of the following:

	June 30, 2020	December 31, 2019
	JD	JD
Quoted Investments		
Foreign government treasury bonds	6,036,155	7,720,039
Corporate debt securities	<u>24,624,031</u>	<u>18,001,206</u>
Total quoted investments	<u>30,660,186</u>	<u>25,721,245</u>
Unquoted Investments		
Governmental treasury bonds	634,560,575	595,528,997
Governmental debt securities	-	1,113,306
Corporate debt securities	<u>58,000,000</u>	<u>54,250,000</u>
Total unquoted investments	<u>692,560,575</u>	<u>650,892,303</u>
Total	723,220,761	676,613,548
<u>Less:</u> Provision for expected credit losses (financial assets at amortized cost)	<u>(1,165,049)</u>	<u>(760,286)</u>
	<u>722,055,712</u>	<u>675,853,262</u>
Analysis of bonds and treasury bills		
Fixed income rate	<u>723,220,761</u>	<u>676,613,548</u>
Total	<u>723,220,761</u>	<u>676,613,548</u>

The movement on financial assets at amortized cost during the period/ year is as follows:

	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
<u>For the Six Months Ended June 30, 2020</u>	JD	JD	JD	JD
Balance - beginning of the period / year	676,613,548	-	-	676,613,548
New investments during the year	109,674,091	-	-	109,674,091
Accrued investments	(63,066,878)	-	-	(63,066,878)
Balance - End of the Period / Year	<u>723,220,761</u>	<u>-</u>	<u>-</u>	<u>723,220,761</u>
<u>For the Year Ended December 31, 2019</u>				
Balance - beginning of the period / year	540,014,690	-	-	540,014,690
New investments during the year	283,902,768	-	-	283,902,768
Accrued investments	(147,303,910)	-	-	(147,303,910)
Balance - End of the Period / Year	<u>676,613,548</u>	<u>-</u>	<u>-</u>	<u>676,613,548</u>

The movement on the provision for expected credit losses for financial assets at amortized cost is as follows:

	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
<u>For the Six Months Ended June 30, 2020</u>	JD	JD	JD	JD
Balance - beginning of the period / year	760,286	-	-	760,286
Credit losses on new investments during the year	545,226	-	-	545,226
Reversed from credit loss on accrued investments	(74,428)	-	-	(74,428)
Changes resulting from adjustments	(66,035)	-	-	(66,035)
Balance - End of the Period / Year	<u>1,165,049</u>	<u>-</u>	<u>-</u>	<u>1,165,049</u>
<u>For the Year Ended December 31, 2019</u>				
Balance - beginning of the period / year	947,477	-	-	947,477
Credit losses on new investments during the year	398,493	-	-	398,493
Reversed from credit loss on accrued investments	(150,194)	-	-	(150,194)
Changes resulting from adjustments	(435,490)	-	-	(435,490)
Balance - End of the Period / Year	<u>760,286</u>	<u>-</u>	<u>-</u>	<u>760,286</u>

11. Financial Assets Pledged as Collateral

This item consists of the following:

	June 30, 2020		December 31, 2019	
	Financial Assets Pledged as Collateral	Related Financial Liabilities	Financial Assets Pledged as Collateral	Related Financial Liabilities
	JD	JD	JD	JD
Financial assets at amortized cost	121,150,000	121,150,000	73,714,000	73,714,000

These bonds were collateralized against the borrowed funds obtained from the Central Bank of Jordan for financing industrial loans, SMEs and repurchasing agreements.

12. Direct Credit Facilities - Net

This item consists of the following:

	June 30, 2020 JD	December 31, 2019 JD
Consumer lending		
Overdrafts	12,019,287	11,131,454
Loans and bills *	668,350,819	629,284,371
Credit cards	14,386,306	14,031,062
Others	7,276,596	6,157,559
Real-estate mortgages	233,448,342	220,455,636
Corporate lending		
Overdrafts	80,883,086	73,345,451
Loans and bills *	395,421,894	381,126,208
Small and medium enterprises lending "SMEs"		
Overdrafts	19,340,263	22,552,466
Loans and bills *	140,403,892	121,935,186
Lending to public and governmental sectors	196,801,625	197,379,839
Total	1,768,332,110	1,677,399,232
Less: Suspended interest	(11,789,123)	(11,088,805)
Less: Provision for expected credit loss	(75,952,774)	(67,234,849)
Net- Direct Credit Facilities	1,680,590,213	1,599,075,578

* Net of interest and commissions received in advance amounting to JD 5,836,556 as of June 30, 2020 (JD 5,629,872 as of December 31, 2019).

- Non-performing credit facilities, in accordance with the instructions of the Central Bank of Jordan, amounted to JD 111,081,901 as of June 30, 2020 (JD 91,543,362 as of December 31, 2019), representing 6.28% (December 31, 2019: 5.46%) of gross direct credit facilities granted.

- Non-performing credit facilities, net of suspended interest, amounted to JD 99,441,038 as of June 30, 2020 (JD 80,631,264 as of December 31, 2019), representing 5.66% (December 31, 2019: 4.84%) of gross direct credit facilities granted after excluding the suspended interest.

- Credit facilities granted to the Government of Jordan amounted to JD 74,208,817 as of June 30, 2020 (JD 84,591,574 as of December 31, 2019), representing 4.2% (December 31, 2019: 5.04%) of gross direct credit facilities granted.

- Credit facilities granted to the public sector in Palestine amounted to JD 64,498,759 as of June 30, 2020 (JD 69,697,758 as of December 31, 2019), representing 3.65% (December 31, 2019: 4.16%) of gross direct credit facilities granted.

Disclosure on the movement of facilities at a collective level at the end of the period/ year:

	Stage 1		Stage 2			Total
	Individual		Collective			
	JD	JD	JD	JD	JD	
For the Six Months Ended June 30, 2020						
Balance - beginning of the period / year	610,533,532	786,468,345	135,978,539	45,242,523	99,176,293	1,677,399,232
New facilities during the year	116,682,378	105,505,796	27,361,664	659,036	2,861,053	253,069,927
Settled facilities	(92,651,611)	(48,745,494)	(13,757,343)	(2,286,311)	(5,121,927)	(162,562,686)
Transferred to stage 1	40,230,717	34,048,272	(40,167,175)	(29,219,346)	(4,892,468)	-
Transferred to stage 2	(29,198,840)	(7,620,620)	38,213,783	11,984,047	(13,378,370)	-
Transferred to stage 3	(2,977,367)	(4,075,557)	(21,478,943)	(7,195,286)	35,727,153	-
Changes resulting from adjustments	-	431,319	-	-	(5,682)	425,637
Balance - End of the Period / Year	642,618,809	866,012,061	126,150,525	19,184,663	114,366,052	1,768,332,110

For the Year Ended December 31, 2019					
Balance - beginning of the period / year	677,592,104	821,763,191	105,380,700	30,844,800	1,721,374,696
New facilities during the year	213,728,355	142,365,000	18,622,265	7,458,963	388,578,479
Settled facilities	(212,814,816)	(155,090,499)	(44,076,808)	(6,937,219)	(430,110,594)
Transferred to stage 1	33,206,080	22,939,220	(32,564,618)	(13,981,016)	-
Transferred to stage 2	(94,471,848)	(32,240,626)	97,650,529	35,225,673	-
Transferred to stage 3	(6,706,343)	(13,265,451)	(9,033,529)	(7,368,678)	-
Changes resulting from adjustments	-	(2,490)	-	-	(51,831)
Written off facilities	-	-	-	-	(2,391,518)
Balance - End of the Period / Year	610,533,532	786,468,345	135,978,539	45,242,523	1,677,399,232

The movement on the provision for expected credit losses is as follows:

For the Six Months Ended June 30, 2020

	Consumer		Residential		Corporates		Government and		Total
	JD		Loans		Large	SMEs	Public Sector	JD	
Balance - beginning of the period / year	39,225,885		6,648,056		9,139,787	9,209,613	3,011,508		67,234,849
Credit loss on new facilities during the year	4,035,748		1,143,831		1,470,132	931,556	98,966		7,680,233
Reversed from credit losses on settled facilities	(1,583,007)		(182,431)		(1,980,919)	(1,024,643)	(39,179)		(4,810,179)
Transferred to stage 1	2,850,450		475,202		40,085	165,700	4,041		3,535,478
Transferred to stage 2	1,773,020		(83,523)		342,086	597,494	1,544,174		4,173,251
Transferred to stage 3	(4,623,470)		(391,679)		(382,171)	(763,194)	(1,548,215)		(7,708,729)
Effect on the provision at the end of the year - resulting from the reclassification between the three stages at the end of the year	(1,123,755)		552,572		2,848,281	2,217,765	(1,408,913)		3,085,950
Changes resulting from adjustments	1,304,161		87,879		1,883,037	417,988	(1,032,380)		2,660,685
Valuation differences	101,236		-		-	-	-		101,236
Balance - End of the Period / Year	41,960,268		8,249,907		13,360,318	11,752,279	630,002		75,952,774

For the Year Ended December 31, 2019

Balance - beginning of the period / year	40,799,652		5,120,597		7,072,595	6,843,433	1,679,470		61,515,747
Credit loss on new facilities during the year	4,668,975		957,196		1,205,426	1,108,636	575,557		8,515,790
Reversed from credit losses on settled facilities	(1,651,466)		(1,009,412)		(1,287,848)	(880,419)	(109,067)		(4,938,212)
Transferred to stage 1	3,408,626		334,341		124,466	32,882	150,229		4,050,544
Transferred to stage 2	559,283		268,353		(62,002)	810,523	(150,229)		1,425,928
Transferred to stage 3	(3,967,909)		(602,694)		(62,464)	(843,405)	-		(5,476,472)
Effect on the provision at the end of the year - resulting from the reclassification between the three stages at the end of the year	2,521,774		1,634,964		3,061,977	2,711,365	(144,622)		9,785,458
Changes resulting from adjustments	(4,864,119)		(82,404)		(1,111,595)	(608,399)	1,010,170		(5,656,347)
Written off facilities	(2,348,355)		-		-	(43,163)	-		(2,391,518)
Valuation differences	99,424		27,115		199,232	78,160	-		403,931
Balance - End of the Period / Year	39,225,885		6,648,056		9,139,787	9,209,613	3,011,508		67,234,849

Suspended Interest

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

	Consumer	Residential Loans	Corporates Large	SMEs	Government and Public Sector	Total
<u>For the period ended June 30, 2020</u>	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period/ year	2,205,107	411,444	6,584,343	1,688,756	199,155	11,088,805
Suspended interest on new exposures during the year	290,281	136,008	545,299	423,221	-	1,394,809
Suspended interest on settled exposures transferred to revenue during the year	(237,696)	(19,810)	(7,941)	(229,889)	(199,155)	(694,491)
Transferred to stage 1	27,852	5,014	-	109	-	32,975
Transferred to stage 2	14,212	11,490	(24,058)	12,760	-	14,404
Transferred to stage 3	(42,064)	(16,504)	24,058	(12,869)	-	(47,379)
Balance at the End of the Period/ Year	<u>2,257,692</u>	<u>527,642</u>	<u>7,121,701</u>	<u>1,882,088</u>	<u>-</u>	<u>11,789,123</u>

For the year ended December 31, 2019

Balance at the beginning of the period/ year	1,996,485	278,066	6,411,115	1,314,025	288,857	10,288,548
Suspended interest on new exposures during the year	587,193	187,196	558,266	655,717	-	1,988,372
Suspended interest on settled exposures transferred to revenue during the year	(346,678)	(53,818)	(385,038)	(280,986)	-	(1,066,520)
Transferred to stage 1	67,420	8,191	(24,190)	1,581	-	53,002
Transferred to stage 2	13,554	11,691	24,187	53,296	-	102,728
Transferred to stage 3	(80,975)	(19,882)	3	(54,877)	-	(155,731)
Effect on suspended revenue at the end of the year - resulting from the reclassification between the three stages at the end of the year	(25,943)	-	-	-	(89,702)	(115,645)
adjustments resulting from change in exchange rates	(5,949)	-	-	-	-	(5,949)
Balance at the End of the Period/ Year	<u>2,205,107</u>	<u>411,444</u>	<u>6,584,343</u>	<u>1,688,756</u>	<u>199,155</u>	<u>11,088,805</u>

13. Other Assets

This item consists of the following:

	June 30, 2020	December 31, 2019
	JD	JD
Accrued income	20,424,962	19,741,336
Prepaid expenses	8,921,816	5,757,071
Reposessed Assets – net	10,585,713	11,938,836
Accounts receivable – net	7,553,029	5,995,981
Clearing checks	6,431,272	7,318,391
Settlement guarantee fund	25,000	31,000
Refundable deposits	598,791	891,713
Deposits at Visa International	1,999,401	1,999,401
Others	<u>1,845,026</u>	<u>1,271,432</u>
Total	<u>58,385,010</u>	<u>54,945,161</u>

Movement on repossessed assets is as follows:

	June 30, 2020	December 31, 2019
	JD	JD
Balance - beginning of the year	13,624,736	10,361,210
Additions	169,053	3,364,608
Disposals	(1,522,176)	(101,082)
Total	12,271,613	13,624,736
Impairment of repossessed assets	(469,994)	(469,994)
Impairment of repossessed assets as per the Central Bank of Jordan instructions	(1,215,906)	(1,215,906)
Balance - End of the Year	10,585,713	11,938,836
A summary of the movement on repossessed assets previous:		
Balance-beginning of the year	1,685,900	1,685,900
Used during the period	-	-
Balance - End of the Year	1,685,900	1,685,900

As per the Central Bank of Jordan instructions the repossessed assets should be sold within two years of under exceptional circumstances by the Central Bank of Jordan for a maximum of four years. In addition, the Bank has started to book a gradual provision for the repossessed assets which are being held for more than four years in accordance to the central Bank of Jordan circular number 10/1/4076 dated March 27, 2014, and 10/1/7096 dated June 8, 2014, the bank started to book provision gradually for those sized asset with aging more than 4 year. In light of IFRS (9) adoption and its direct impact on the consolidated financial statements of the Bank, it was decided to stop the Circular rules mentioned above for the year 2018 and continue on booking provisions in the year 2021 according to the Central Bank of Jordan circular number 10/1/13967 dated October 25, 2018.

14. Customers Deposits

This item consists of the following:

	Consumer	Corporates	SMEs	Government and Public Sector	Total
	JD	JD	JD	JD	JD
For the Six Months Ended June 30, 2020					
Current and demand accounts	276,536,802	106,090,464	52,820,122	71,522,995	506,970,383
Saving deposits	506,041,226	3,669,516	3,891,117	347,346	513,949,205
Time and notice deposits	472,165,830	263,820,660	55,219,165	228,927,808	1,020,133,463
Total	1,254,743,858	373,580,640	111,930,404	300,798,149	2,041,053,051
For the Year Ended December 31, 2019					
Current and demand accounts	244,293,300	123,709,181	53,463,869	58,381,179	479,847,529
Saving deposits	506,004,381	6,143,261	3,705,943	239,803	516,093,388
Time and notice deposits	479,791,141	295,698,530	45,503,808	234,021,599	1,055,015,078
Total	1,230,088,822	425,550,972	102,673,620	292,642,581	2,050,955,995

- The Government of Jordan and the public sector deposits inside the Kingdom amounted to JD 279,338,281, equivalent to 13.69% of total deposits as of June 30, 2020 (JD 273,518,953, equivalent to 13.34% of total deposits as of December 31, 2019).

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

- Non-interest bearing deposits amounted to JD 461,764,003 as of June 30, 2020 (JD 417,426,268 as of December 31, 2019) representing 22.62% (December 31, 2019: 20.35%) of total deposits.

- Dormant accounts amounted to JD43,824,014 as of June 30, 2020 (JD 35,166,834 as of December 31, 2019).

15. Borrowed Funds

This item consists of the following:

	Amount	No. of Installments		Payable Every	Maturity Date	Collaterals	Interest Rate
		Total	Outstanding				
June 30, 2019	JD						
Amounts borrowed from overseas investment company (OPIC)	15,598,000	1	1	At maturity	2034	None	4.845%-4.895%
Amounts borrowed from French Development Agency	1,772,500	20	10	Semi- annually	2025	None	3.358%
Amounts borrowed from Central Bank of Jordan*	7,125,000	10	6	Semi- annually	2028	None	2.700%
Amounts borrowed from Central Bank of Jordan**	38,677,414	183	183	At maturity / per Loan	2019 - 2026	Treasury bonds	1% - 2%
Amounts borrowed from Central Bank of Jordan*	1,391,968	14	8	Semi- annually	2028	None	2.500%
Amounts borrowed from European Bank for Reconstruction and Development	2,022,857	7	2	Semi- annually	2021	None	4.750%
Amounts borrowed from European Bank for Reconstruction and Development	12,154,286	7	6	Semi- annually	2025	None	5.500%
Amounts borrowed from Central Bank of Jordan*	4,100,000	20	20	Semi- annually	2031	None	2.8%
Jordan Mortgage Refinance Company ***	30,000,000	1	1	At maturity	2024	None	5.750%
Amounts borrowed from Central Bank of Jordan	3,941,315	34	34	Semi- annually	2039	None	3.000%
Jordan Mortgage Refinance Company ***	10,000,000	1	1	At maturity	2020	None	5.900%
Jordan Mortgage Refinance Company ***	10,000,000	1	1	At maturity	2020	None	5.900%
Amounts borrowed from Central Bank of Jordan	4,285,714	1	1	At maturity	2020	Treasury bonds	2.000%
Amounts borrowed from Central Bank of Jordan	8,928,571	1	1	At maturity	2020	Treasury bonds	2.000%
Amounts borrowed from Central Bank of Jordan	13,358,779	1	1	At maturity	2020	Treasury bonds	2.000%
Amounts borrowed from Central Bank of Jordan	11,764,706	1	1	At maturity	2020	Treasury bonds	2.000%
Amounts borrowed from Central Bank of Jordan	9,128,289	1	1	At maturity	2020	Treasury bonds	2.000%
Amounts borrowed from Central Bank of Jordan	32,142,857	1	1	At maturity	2020	Treasury bonds	2.000%
Amounts borrowed from Central Bank of Jordan	11,363,636	1	1	At maturity	2020	Treasury bonds	2.000%
Amounts borrowed from Central Bank of Jordan	33,582,090	1	1	At maturity	2021	Treasury bonds	2.000%
Amounts borrowed from Central Bank of Jordan	9,603,255	28	28	At maturity / per Loan	2022-2030	None	0.000%
Union Bank	300,000	8	8	Quarterly	2024	None	6.000%
Societe Generale Banque de Jordanie	311,112	45	14	Monthly	2021	None	7.000%
Amounts borrowed from International Financial Markets	1,074,224	1	1	-	None	None	-
Amounts borrowed from French Development Agency	6,667,472	20	19	Semi- annually	2023	None	1.683%
Amounts borrowed from European Bank for Reconstruction and Development	<u>3,038,571</u>	7	7	Semi- annually	2023	None	4.047%
Total	<u>282,332,616</u>						

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Amounts borrowed from overseas investment company (OPIC)	15,598,000	1	1	At maturity	2034	None	4.895%-4.845%
Amounts borrowed from French Development Agency	1,949,750	20	11	Semi- annually	2025	None	3.358%
Amounts borrowed from Central Bank of Jordan*	7,600,000	10	7	Annually	2028	None	2.700%
Amounts borrowed from Central Bank of Jordan**	34,163,765	184	184	At maturity / per Loan	2018 - 2026	Treasury Bills	2.5% - 1%
Amounts borrowed from Central Bank of Jordan*	1,559,984	14	9	Semi- annually	2028	None	2.500%
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	3,034,286	7	3	Semi- annually	2021	None	4.750%
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	1,012,857	7	1	Semi- annually	2020	None	3.25%
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	14,180,000	7	7	Semi- annually	2025	None	5.500%
Amounts borrowed from Central Bank of Jordan*	4,100,000	20	20	Semi- annually	2031	None	2.8%
Jordan Mortgage Refinance Company ***	30,000,000	1	1	At maturity	2024	None	5.750%
Jordan Mortgage Refinance Company ***	5,000,000	1	1	At maturity	2020	None	5.750%
Amounts borrowed from Central Bank of Jordan	2,857,982	34	34	Semi- annually	2039	None	3.000%
Jordan Mortgage Refinance Company ***	10,000,000	1	1	At maturity	2020	None	5.900%
Amounts borrowed from Central Bank of Jordan	70,000,000	1	1	At maturity	2020	Treasury Bills	4.000%
Jordan Mortgage Refinance Company ***	10,000,000	1	1	At maturity	2020	None	5.900%
Amounts borrowed from French Development Agency	7,498,807	20	20	Semi- annually	2031	None	1.433%
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	3,545,000	7	7	Semi- annually	2023	None	4.047%
Etiad Bank	2,700,000	32	32	Quarterly	2023	None	6.000%
Societe Generale de Banque Jordanie	444,444	45	20	Monthly	2021	None	7.000%
Amounts borrowed from International Financial Markets (FMI)	<u>1,074,224</u>	1	1	-	None	None	-
Total	<u>226,319,099</u>						

* The borrowed funds from Central Bank of Jordan for SMEs loans were re-lent on an average interest rate of 8.5%.

** The borrowed funds from Central Bank of Jordan for industrial, energy, agriculture and tourism financing loans were re-lent on an average interest rate from 3.5% to 4%.

*** Residential loans acquired from Jordan Mortgage Refinance Company amounted to JD 45,804,021 as of June 30, 2020 at a fixed rate of 7%.

16. Income Tax

A. Income Tax Provision

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

	June 30, 2020	December 31, 2019
	JD	JD
Balance - beginning of the period/ year	16,954,411	15,202,732
Income tax paid	(13,718,949)	(15,198,995)
Income tax expense	5,364,092	16,950,674
Balance - End of the Period/ Year	8,599,554	16,954,411

B. Income tax appearing in the income statement represents the following:

	For the Six Months Ended June 30,	
	2020	2019
	JD	JD
Income tax for the period	5,364,092	7,443,182
Deferred tax assets	(7,439)	(59,340)
Deferred tax liabilities	(443,539)	(295,037)
Income tax for current period profit	4,913,114	7,088,805

- The income tax rate on banks in Jordan is 38% and varies between 0%-31% in countries that the bank has branches and companies in. Banks in Palestine are subject to an income tax rate of 15% and VAT of 16%.
- The Bank has reached a final settlement with the Income and Sales Tax Department up to the end of the year 2018 for the Bank's branches in Jordan. The Income and Sales Tax Department did not review 2019 records up to the date of these condensed consolidated interim financial statements.
- A final settlement was reached with the tax authorities for the Bank's branches in Palestine up until the end of the year 2017.
- A final settlement has been reached with the Income and Sales Tax Department up to the end of the year 2014 for Al-Watanieh Financial Services Company. In addition, the Sales and Income Tax Department reviewed the Company's records for the years 2015, 2016 and 2017, and estimated the accrued tax amount for these years at JD 1,361,990 for the amounts paid. The Company objected this estimate in specialized courts and it is still visible in the primitive court in initiating data phase.
- whereas the income and sales tax department has accepted the self assessment tax return for the year 2018.
- In the company opinion, the provisions that has been taken in the date of the financial statement are enough to face the expected tax liabilities
- Al-Watanieh Securities Company - Palestine has reached a final settlement with the Income and Sales Tax Department up to the year 2018.
- Tamallak for Financial Leasing Company had reached a final settlement with the Income and sales tax Department until the year 2017. Furthermore, the Income Tax Department did not review 2018 records, up to the date of these condensed consolidated interim financial statements.
- In the opinion of the Bank's management, income tax provisions as of June 30, 2020 are sufficient to meet any future tax obligations.

The movement on the deferred tax assets is as follows:

	June 30, 2020	December 31, 2019
	JD	JD
Balance - beginning of the period / year	9,325,649	8,699,628
Additions	2,080,709	1,105,993
Disposal	(98,710)	(479,972)
Balance - End of the Period / Year	<u>11,307,648</u>	<u>9,325,649</u>

- Deferred tax is calculated using the tax rates that are expected to be applied when the deferred tax assets will be realized or the deferred tax liabilities will be settled.

17. Other Liabilities

This item consists of the following:

	June 30, 2020	December 31, 2019
	JD	JD
Accrued interest	12,893,998	20,169,502
Accrued income	462,833	343,600
Accounts payable	11,008,643	7,105,983
Accrued expenses	10,151,447	8,014,790
Temporary deposits	60,922,195	20,067,495
Checks and withdrawals	5,993,676	4,607,949
Others	1,891,670	2,552,106
	103,324,462	62,861,425
Provision for expected credit losses on indirect credit facilities	3,368,574	2,374,728
	<u>106,693,036</u>	<u>65,236,153</u>

Disclosure on the movement of indirect credit facilities at a collective level at the end of the period/ year:

	Stage 1		Stage 2		Total
	Individual	Collective	Individual	Collective	
	JD	JD	JD	JD	
For the Six Months Ended June 30, 2020					
Balance - beginning of the period/ year	16,520,798	209,272,556	316,428	49,021,275	275,681,083
New exposures during the year	5,744,643	93,526,545	47,091	6,528,416	106,175,003
Accrued exposures	(1,517,520)	(49,647,312)	(101,586)	(21,882,582)	(73,287,581)
Transferred to stage 1	154,003	5,551,155	(146,516)	(5,441,155)	-
Transferred to stage 2	(67,594)	(5,060,052)	111,158	5,060,052	-
Transferred to stage 3	(199,974)	(150,599)	(62,603)	(507,331)	-
Balance - End of the Period/ Year	20,634,356	253,492,293	163,972	32,778,675	308,568,505

<u>For the Year Ended December 31, 2019</u>					
Balance - beginning of the period/ year	15,704,207	198,514,654	267,942	28,024,541	242,749,028
New exposures during the year	4,299,041	87,183,234	118,718	16,993,157	108,713,224
Accrued exposures	(3,320,135)	(62,058,560)	(107,730)	(10,252,908)	(75,781,169)
Transferred to stage 1	118,979	5,242,866	(118,979)	(5,242,866)	-
Transferred to stage 2	(193,843)	(19,566,138)	193,843	19,590,138	-
Transferred to stage 3	(87,451)	(43,500)	(37,366)	(90,787)	-
Balance - End of the Period/ Year	16,520,798	209,272,556	316,428	49,021,275	275,681,083

The disclosure on the movement of the provision for expected credit losses for indirect facilities at a collective level is as follows:

	Stage 1		Stage 2		Stage 3		Total
	Individual	Collective	Individual	Collective	Individual	Collective	Individual
For the Six Months Ended June 30, 2020	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the period/ year	452,094	291,651	14,813	1,348,041	268,129	2,374,728	2,374,728
Credit loss on new exposures during the year	417,736	334,716	4,359	519,965	15,301	1,292,077	1,292,077
Credit loss on accrued exposures	(88,646)	(76,948)	(3,784)	(659,822)	(42,191)	(871,391)	(871,391)
Transferred to stage 1	12,628	159,982	(7,995)	(96,976)	(67,639)	-	-
Transferred to stage 2	(1,921)	(3,776)	18,458	3,775	(16,536)	-	-
Transferred to stage 3	(5,706)	(217)	(2,527)	(8,214)	16,664	-	-
Effect on the provision at the end of the year - resulting from the reclassification between the three stages at the end of the year	2,249	(142,272)	(7,323)	36,619	472,966	362,239	362,239
Changes resulting from adjustments	391	89,983	-	116,794	3,753	210,921	210,921
Balance - End of the Period/ Year	788,825	653,119	16,001	1,260,182	650,447	3,368,574	3,368,574

	Stage 1		Stage 2		Stage 3		Total
	Individual	Collective	Individual	Collective	Individual	Collective	Individual
For the Year Ended December 31, 2019	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the period/ year	622,698	280,820	9,800	1,118,935	97,727	2,129,980	2,129,980
Credit loss on new exposures during the year	176,004	202,126	3,416	481,933	47,111	910,590	910,590
Credit loss on accrued exposures	(275,559)	(146,711)	(3,762)	(541,685)	(6,933)	(974,650)	(974,650)
Transferred to stage 1	4,259	86,893	(4,259)	(86,893)	-	-	-
Transferred to stage 2	(9,029)	(31,054)	9,030	39,371	(8,318)	-	-
Transferred to stage 3	(3,429)	(205)	(1,326)	(5,082)	10,042	-	-
Effect on the provision at the end of the year - resulting from the reclassification between the three stages at the end of the year	(662)	(81,759)	1,914	325,940	102,772	348,205	348,205
Changes resulting from adjustments	(62,188)	(18,459)	-	15,522	25,728	(39,397)	(39,397)
Balance - End of the Period/ Year	452,094	291,651	14,813	1,348,041	268,129	2,374,728	2,374,728

18. Fair Value Reserve - Net

This item consists of the following:

	June 30, 2020	December 31, 2019
	JD	JD
Balance - beginning of the period / year	(7,848,900)	(9,789,482)
Unrealized (loss) gain	(7,299,068)	1,207,435
Loss from sale financial assets at fair value through other comprehensive income transferred to retained earnings	85,200	278,095
Deferred tax assets	1,538,460	437,204
Deferred tax liabilities	24,260	17,848
Balance - end of the Period / Year	(13,500,048)	(7,848,900)

- The fair value reserve - net is presented after deducting the deferred tax assets of an amount of JD 4,364,437 and after deducting the deferred tax liabilities of an amount of JD 187,807.

19. Retained Earnings

This item consists of the following:

	June 30, 2020	December 31, 2019
	JD	JD
Balance - beginning of the period / year	73,967,732	77,486,036
Profit for the year	-	28,095,485
Transferred to statutory reserve	-	(4,428,971)
Transferred from (to) general banking risk reserve	-	(623,432)
Transferred to cyclical fluctuations reserve	-	(3,291)
Cash dividends	-	(16,200,000)
Transferred to capital increase	-	(10,000,000)
Capital increase related expenses	-	(80,000)
Transfers resulted from sale of financial assets at fair value through other comprehensive income	(85,200)	(278,095)
Balance - end of the Period / Year	73,882,532	73,967,732

- Retained earnings balance include unrealized gains amounting to JD 13,931,699 resulting from the early implementation of IFRS 9. This amount is not available for distribution in accordance with the Securities Commission instructions, except for the amounts realized through the sale of the financial assets.
- Retained earnings include deferred tax assets amounted to JD 11,307,647 as of June 30, 2020 against JD 9,325,649 as of December 31, 2019 which is not available for distribution in accordance with the Central Bank of Jordan instructions.
- The Bank cannot use a restricted amount of JD 13,500,048 which represents the negative fair value for the financial assets through other comprehensive income in accordance with the instructions of the Central Bank of Jordan and the Jordanian Securities Commission.
- The Bank cannot use a restricted amount of JD1,155,916 which represents the remaining balance of the general banking risk reserve included in retained earnings in accordance with the instructions of the Central Bank of Jordan.

20. Interest Income

This item consists of the following:

	For the Six Months Ended June 30,	
	2020	2019
	JD	JD
Direct Credit Facilities:		
Consumer lending		
Overdrafts	755,621	658,178
Loans and bills	28,952,704	31,664,567
Credit cards	1,304,402	1,377,989
Brokerage margin accounts	169,398	135,614
Residential mortgages	7,682,637	7,985,488
 Corporate lending		
Overdrafts	3,646,939	6,545,361
Loans and bills	12,157,609	10,441,660
Small and medium enterprises lending		
Overdrafts	922,985	1,057,419
Loans and bills	3,248,794	4,671,473
Government and public sector	6,051,578	6,427,272
Balances at Central Banks	127,400	1,303,424
Balances and deposits at banks and financial institutions	2,024,074	2,952,426
Financial assets at amortized cost	19,203,919	15,540,157
	86,248,060	90,761,028

21. Interest Expense

This item consists of the following:

	For the Six Months Ended June 30,	
	2020	2019
	JD	JD
Banks and financial institutions deposits	4,700,415	6,291,555
Customers' deposits:		
Current accounts and demand deposits	1,109,327	1,232,282
Saving accounts	1,347,809	1,975,602
Time and notice deposits	21,593,989	25,326,778
Certificates of deposit	-	73
Cash margins	397,838	399,485
Loans and borrowings	4,605,931	3,768,949
Deposits guarantee fees	1,606,192	1,774,363
Total	35,361,501	40,769,087

22. Gains from Financial Assets at Fair Value through profit or loss

This item consists of the following:

For the Six Months Ended June 30, 2020

Equity instruments

Total

Realized	Unrealized	Stock	Total
Gain	(Losses)	Dividends	
JD	JD	JD	JD
349,255	(2,108,964)	90,317	(1,669,392)
349,255	(2,108,964)	90,317	(1,669,392)

For the Six Months Ended June 30, 2019

Equity instruments

Total

Realized	Unrealized	Stock	Total
Gain	(Losses)	Dividends	
JD	JD	JD	JD
136,807	(501,779)	706,963	341,991
136,807	(501,779)	706,963	341,991

23. Expected Credit Losses

This item consists of the following:

Balances at central banks
Balances at banks and financial institutions
Deposits at banks and financial institutions
Financial assets at amortized cost
Direct credit facilities
Indirect credit facilities
Total

For the Six Months Ended June 30,	
2020	2019
JD	JD
14,880	(128)
25,527	5,399
174,240	(58,933)
404,763	(81,898)
8,616,689	6,986,616
993,846	(20,026)
10,229,945	6,831,030

24. Earnings per Share for the period - (Bank's Shareholders)

This item consists of the following:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2020	2019	2020	2019
	JD	JD	JD	JD
Profit for the period attributable to shareholders (JD)	3,114,902	6,607,407	6,158,382	12,074,981
Weighted average number of shares (share)	190,000,000	190,000,000	190,000,000	190,000,000
	(JD/ Fils)	(JD/ Fils)	(JD/ Fils)	(JD/ Fils)
Basic and diluted earnings per share for the period -				
(Bank's Shareholders)	0/016	0/035	0/032	0/064

- The weighted average number of shares was calculated on the basic and diluted profit attributed to the shareholders of the Bank based on the authorized number of shares for the six months ended June 30, 2020 and 2019. The figures for the six months ended June 30, 2019 were recalculated according to the capital after the increase, in accordance with the International Financial Reporting Standard No. (33).

25. Cash and Cash Equivalents

This item consists of the following:

	For the Six Months Ended June 30,	
	2020	2019
	JD	JD
Cash and balances at Central Banks maturing within three months	239,307,239	274,587,306
<u>Add:</u> Balances at banks and financial institutions maturing within three month	188,552,426	159,719,869
<u>Less:</u> Banks and financial institutions' deposits maturing within three months	(201,694,135)	(313,038,990)
Restricted balances	(10,635,000)	(10,635,000)
Total	215,530,530	110,633,185

26. Balances and Transactions with Related Parties

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

Company Name	Ownership	Paid in Capital	
		2020	2019
	%	JD	JD
Al-Watanieh Financial Services Company Limited Liability	100	5,500,000	5,500,000
Al-Watanieh Securities Company private shareholding	100	1,600,000	1,600,000
Tamallak for Financial Leasing Company	100	5,000,000	5,000,000
Safa Bank	79	53,175,000	53,175,000

The Bank entered into transactions with subsidiaries, major shareholders, directors, senior management and their related concerns in the ordinary course of business at commercial interest and commission rates. All the credit facilities to related parties are performing facilities and are free of any provision.

The following related party transactions took place during the period/ year:

	Related Parties			Total	
	Board of Directors and Relatives	Executive Management	Other *	June 30, 2020	December 31, 2019
	JD	JD	JD	JD	JD
Statement of Financial Position Items:					
Direct credit facilities	27,105,948	2,942,764	35,257,006	65,305,718	52,033,532
Deposits at the Bank	52,551,473	2,687,960	7,290,878	62,530,311	61,565,392
Cash Margins	53,176	12,076	95,916	161,168	176,186
Off Statement of Financial Position Items:					
Indirect credit facilities	1,194,249	10,300	269,400	1,473,949	2,026,181
				For the Six Months Ended June 30,	
				2020	2019
				JD	JD
Income Statements Items:					
Interest and commission income	646,458	117,624	1,899,991	2,664,073	3,043,038
Interest and commission expense	775,230	41,445	169,668	986,343	903,284

* Others include the rest of bank employees and their relatives up to the third degree.

- Credit interest rates on credit facilities in Jordanian Dinar range between 3.75% -13.54%
- Credit interest rates on credit facilities in foreign currency range between 4% - 4.75%
- Debit interest rates on deposits in Jordanian Dinar range between zero% - 5.75%
- Debit interest rates on deposits in foreign currency range between zero% - 2.1%

Salaries, wages and bonuses of executive management amounted to JD 1,948,592 as of June 30, 2020 (JD 2,426,774 as of June 30, 2019).

27. Capital adequacy

The capital adequacy percentage is calculated in accordance with the Central Bank of Jordan according to Basel committee decision. Below is the capital adequacy as per Basel III:

	June 30, 2020 JD	December 31, 2019 JD
Ordinary Share Rights		
Paid up capital	190,000,000	190,000,000
Retained earnings after subtracting the expected accumulated distributions	71,490,914	73,967,732
Accumulated change in fair value reserve in total	(13,500,048)	(7,848,900)
Statutory reserve	79,007,427	79,007,427
Other reserves approved by the Central Bank	10,894,653	10,894,653
Minority rights allowed to be recognized	2,936,994	2,463,485
Total ordinary share capital	340,829,940	348,484,397
Regulatory Adjustments (Capital deductible)		
Intangible assets	5,107,225	6,085,563
Deferred tax assets that should be deducted	10,557,826	8,737,910
Net ordinary shareholders' equity	325,164,889	333,660,924
Additional capital		
Minority rights allowed to be recognized		
Net primary capital (Tier I)		
Tier II Capital		
Subordinated loans	18,540,350	18,540,350
General banking risk reserve	3,854,197	3,854,197
Required provisions against debt instruments for stage 1 according to IFRS (9)	13,331,462	7,519,550
Minority rights allowed to be recognized	699,284	492,697
Tier II Capital	36,425,293	30,406,794
Adjustment (deducted from capital)		
Net Tier II	36,425,293	30,406,794
Regulatory capital	361,590,182	364,067,718
Total risk weighted assets	2,096,486,233	2,021,871,964
Capital adequacy (%)	17.25%	18.01%
Capital adequacy (primary capital) (%)	15.51%	16.50%
Subordinated capital (%)	1.74%	1.50%

28. Segment Information

A. Information on the Bank's Segments:

For management purposes the Bank is organized into three major business segments which are measured according to reports used by the general manager and key decision makers at the Bank, through the following major sectors:

- Retail banking: Principally handling individual customers' deposits, and providing consumer type loans, overdrafts, credit cards facilities and funds transfer facilities;
- Corporate banking: Principally handling loans and other credit facilities and deposit and current accounts for corporate and institutional customers;
- Treasury: Principally providing money market, trading and treasury services, as well as the management of the Bank's funding operations

Following is the Bank's segment information:

	Retail Banking	Corporate Banking	Treasury	Other	Total	
					For the Six Months Ended June 30,	
					2020	2019
	JD	JD	JD	JD	JD	JD
Gross income	46,805,593	28,343,243	24,080,104	1,056,288	100,285,228	110,123,864
Expected credit losses	4,234,997	4,381,691	1,613,257	-	10,229,945	6,831,030
Segment result					54,693,782	62,523,747
Unallocated costs					44,066,442	43,610,637
Profit before tax					10,627,340	18,913,110
Income tax					4,913,114	7,088,805
Profit for the period					5,714,226	11,824,305
Other information						
Capital expenditure					3,743,093	2,858,928
Depreciation and amortization					4,575,493	4,661,451
					June 30,	December 31,
					2020	2019
					JD	JD
Total segment assets	885,196,061	795,394,152	1,409,107,032	133,265,649	3,222,962,894	3,133,800,635
Total segment liabilities	945,660,020	924,623,109	837,287,850	156,184,671	2,863,755,650	2,774,571,269

B. Geographical Information:

The following table shows the distribution of the Bank's profit assets and capital expenditure by geographical segment, the Bank operates in Jordan and Palestine.

Below is the distribution of the revenues, assets and capital expenditures as per the geographical information:

	Inside Jordan		Outside Jordan		Total	
	June 30,		June 30,		June 30,	
	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD
Total revenue	78,819,767	87,082,645	21,465,461	23,041,219	100,285,228	108,933,099
Capital expenditures	2,960,837	1,960,071	782,256	898,857	3,743,093	2,858,928
	Inside Jordan		Outside Jordan		Total	
	June 30,	December 31,	June 30,	December 31,	June 30,	December 31,
	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD
Total assets	2,395,866,019	2,350,514,591	827,096,875	783,286,044	3,222,962,894	3,133,800,635

29. Risk Management

The Bank's risk management is performed based on a comprehensive strategy for risk reduction and mitigation, after identifying acceptable risks by the Bank to manage its business to ensure the level and quality of the various risks the Bank wishes to accept, in which will not affect the achievement of the strategic objectives, in addition to mitigating the negative effects of internal and external events on the profitability of the bank, the rate of capital, market share and any other intangible factors such as Bank's reputation.

The Bank's risk management policies for the six-month period ended June 30, 2020 are consistent with the policies for the year ended December 31, 2019, which are disclosed with the Bank's annual report as of December 31, 2019.

1- Reclassified credit exposures

A. Gross reclassified credit exposures

Item	Stage 2		Stage 3		Gross reclassified exposures	Percentage of reclassified exposures
	Gross exposure amount	Reclassified exposures	Gross exposure amount	Reclassified exposures		
	JD	JD	JD	JD	JD	%
Balances at central banks	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-
Deposits at banks and financial institutions	-	-	-	-	-	-
Direct credit facilities	145,335,188	50,197,828	114,366,050	35,727,152	160,203,970	%9.06
Debt securities and bills:	-	-	-	-	-	-
within financial assets through income statement	-	-	-	-	-	-
within financial assets through other comprehensive income	-	-	-	-	-	-
within financial assets at amortized cost	-	-	-	-	-	-
Financial instrument derivatives	-	-	-	-	-	-
Financial assets pledged as collateral (debt instruments)	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total	145,335,188	50,197,828	114,366,050	35,727,152	160,203,970	
Financial guarantees	7,915,155	166,466	625,964	434,079	2,935,334	%5.06
Letters of credit	3,374,127	-	-	-	582,377	%1.07
Other liabilities	24,374,617	5,004,744	873,245	486,428	8,279,164	%4.22
Total	180,999,087	55,369,038	115,865,259	36,647,659	172,000,845	

B. Expected credit losses of reclassified exposures:

Item	Reclassified Exposures			Expected Credit Losses of Reclassified Exposures							
	Gross exposures reclassified to stage 2			Gross exposures reclassified to stage 3		Gross reclassified exposures		Stage 2		Stage 3	
	JD	JD	JD	JD	JD	JD	Collective	Individual	Collective	Individual	Total
Balances at central banks	-	-	-	-	-	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-	-	-	-	-	-
Deposits at banks and financial institutions	-	-	-	-	-	-	-	-	-	-	-
Direct credit facilities	50,197,828	35,727,152	160,203,970	3,513,169	2,752,561	1,126,650	-	7,392,380	-	-	-
Debt securities and bills:	-	-	-	-	-	-	-	-	-	-	-
within financial assets through income statement	-	-	-	-	-	-	-	-	-	-	-
within financial assets through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
within financial assets at amortized cost	-	-	-	-	-	-	-	-	-	-	-
Financial instrument derivatives	-	-	-	-	-	-	-	-	-	-	-
Financial assets pledged as collateral (debt instruments)	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-
Total	50,197,828	35,727,152	160,203,970	3,513,169	2,752,561	1,126,650	-	7,392,380	-	-	-
Financial guarantees	166,466	434,079	2,935,334	276	-	5,514	-	5,790	-	-	-
Letters of credit	-	-	582,377	-	-	-	-	-	-	-	-
Other liabilities	5,004,744	486,428	8,279,164	3,499	18,458	11,150	-	33,107	-	-	-
Total	55,369,038	36,647,659	172,000,845	3,516,944	2,771,019	1,143,314	-	7,431,277	-	-	-

2- Allocation of exposures according to industrial sectors:

A. Allocation of exposures according to financial instruments - net

	Financial		Industrial		Commercial		Real Estate*		Agricultural		Trading		Consumer		Government and Public Sector		Total	
	JD		JD		JD		JD		JD		JD		JD		JD		JD	
Balances at central banks	-		-		-		-		-		-		-		-		145,009,536	
Balances at banks and financial institutions	188,475,532		-		-		-		-		-		-		-		188,475,532	
Deposits at banks and financial institutions	71,543,584		-		-		-		-		-		-		-		71,543,584	
Direct credit facilities	38,833,817		109,057,691		365,877,780		289,609,581		12,969,362		19,473,308		648,328,301		196,440,373		1,680,590,213	
Debt securities and bills:																		
Financial assets at amortized cost	59,673,323		-		22,730,974		-		-		-		-		639,651,415		722,055,712	
Financial assets pledged as collateral	-		-		-		-		-		-		-		121,150,000		121,150,000	
Other assets	13,032,206		2,514,745		10,134,609		625,146		276,722		860,159		1,349,652		7,615,425		36,408,664	
Total	371,558,462		111,572,436		398,743,363		290,234,727		13,246,084		20,333,467		649,677,953		1,109,866,749		2,965,233,241	
Financial guarantees	717,347		1,805,042		49,698,177		2,727,317		195,231		-		-		2,401,425		57,544,539	
Letters of credit	2,999,070		4,485,340		44,970,817		-		14,355		-		-		1,625,065		54,094,647	
Other liabilities	22,004,376		12,811,848		65,989,201		5,277,651		765,712		-		23,815,386		63,251,602		193,915,776	
Total	397,279,255		130,674,666		559,401,558		298,239,695		14,221,382		20,333,467		673,493,339		1,177,144,841		3,270,788,203	

* The industrial sector of real estate includes loans granted to corporates and housing loans.

B. Allocation of exposures according stage categories of IFRS (9):

Item	Stage 1		Stage 2		Stage 3		Total	
	Individual	Collective	Individual	Collective	Individual	Collective	Individual	Collective
Financial	357,600,747	31,813,338	5,523,267	-	2,341,903	397,279,255	357,600,747	31,813,338
Industrial and mining	89,943,402	2,848,958	27,831,451	122,593	9,928,262	130,674,666	89,943,402	2,848,958
General Commercial	408,082,957	49,834,645	87,969,567	1,420,526	12,093,863	559,401,558	408,082,957	49,834,645
Real estate purchase financing	71,733,103	194,384,313	15,162,083	6,275,552	10,684,644	298,239,695	71,733,103	194,384,313
Agricultural	9,808,519	296,854	3,829,447	-	286,562	14,221,382	9,808,519	296,854
Trading	14,353,812	4,594,880	570,042	2,695	812,038	20,333,467	14,353,812	4,594,880
Consumer	29,479,259	621,694,797	3,788,418	10,668,223	7,862,642	673,493,339	29,479,259	621,694,797
Government and public sector	1,158,674,787	7,615,425	10,821,841	-	32,788	1,177,144,841	1,158,674,787	7,615,425
Total	2,139,676,586	913,083,210	155,496,116	18,489,589	44,042,702	3,270,788,203	2,139,676,586	913,083,210

3- Allocation of exposures according to geographical locations:

A- Allocation of exposures according to geographical regions - net

	Other Middle					Total
	Inside Jordan	Eastern Countries	Europe	Asia *	America	Other Countries
	JD	JD	JD	JD	JD	JD
Balances at central banks	70,995,782	74,013,754	-	-	-	145,009,536
Balances at banks and financial institutions	81,410,671	58,616,645	43,869,408	571,284	3,856,441	188,475,532
Deposits at banks and financial institutions	71,543,584	-	-	-	-	71,543,584
Debt securities and bills:	1,233,467,856	432,386,645	14,168,114	-	567,598	1,680,590,213
within financial assets at amortized cost	673,332,960	47,105,094	1,617,658	-	-	722,055,712
Financial assets pledged as collateral	121,150,000	-	-	-	-	121,150,000
other assets	19,956,691	14,416,471	2,033,059	-	2,443	36,408,664
Gross assets	2,271,857,544	626,538,609	61,688,239	571,284	4,426,482	2,965,233,241
Financial guarantees	39,775,620	13,818,502	3,438,829	298,971	212,617	57,544,539
Letters of credit and acceptances	48,471,657	5,622,990	-	-	-	54,094,647
Other liabilities	158,329,179	35,586,597	-	-	-	193,915,776
Total	2,518,434,000	681,566,698	65,127,068	870,255	4,639,099	3,270,788,203

B- Allocation of exposures according stage categories of IFRS (9):

	Stage 1		Stage 2		Stage 3		Total
	Individual	Collective	Individual	Collective	Individual	Collective	
	JD	JD	JD	JD	JD	JD	JD
Inside Jordan	1,581,123,856	744,074,923	142,136,082	14,356,102	36,743,037	2,518,434,000	
Other Middle Eastern Countries	490,367,023	166,976,531	12,789,993	4,133,487	7,299,664	681,566,698	
Europe	63,095,312	2,031,756	-	-	-	65,127,068	
Asia	870,255	-	-	-	-	870,255	
America	4,069,058	-	570,041	-	-	4,639,099	
Other Countries	151,083	-	-	-	-	151,083	
Total	2,139,676,587	913,083,210	155,496,116	18,489,589	44,042,701	3,270,788,203	

30. Contingent Liabilities and Commitments

This item consists of the following:

	June 30, 2020	December 31, 2019
	JD	JD
Letters of credit	51,427,085	35,507,245
Acceptances	2,810,672	1,529,834
Letters of guarantee:		
- Payments	24,294,916	22,512,325
- Performance	18,750,635	19,014,375
- Other	15,011,722	11,003,640
Irrevocable commitments to extend credit	145,689,511	143,410,544
Total	257,984,541	232,977,963

31. Lawsuits

In the normal course of business, the Bank appears as a defendant in a number of lawsuits amounting to JD 39,347,777 and 40,687,643 as of June 30, 2020 and December 31, 2019 respectively. In the opinion of the Bank's management and legal counsel, the Bank maintains adequate provisions against the lawsuits.

Provisions against the cases amounted to JD 1,339,397 and JD 1,354,397 as of June 30, 2020 and December 31, 2019, respectively.

On January 1, 2019 multiple civil lawsuits have been filed at US courts against multiple banks and financial institutions claiming financial compensation using the US antiterrorism law for damages allegedly resulting from attacks by groups listed under the US sanctions list in 2001. These lawsuits have been filed at courts hours before their filing deadline, and have been filed by an attorney office which has filed several similar complaints against other banking institutions on behalf of the same plaintiffs claiming the damages. Cairo Amman Bank is one of the banks the aforementioned lawsuit has been filed against. The lawsuit is still in the preliminary phase.

In the opinion of management and legal counsel, no provisions should be recorded for the lawsuits filed at US courts against the Bank as of June 30, 2020 as the Bank has consulted with legal consultants specialized in US courts and concluded that the legal status of the lawsuits is in favor of the Bank and that there are no legal or judicial grounds for the lawsuits. As the Legal specialist attorney believe that the legal status of the bank is favorable in regards to this lawsuit.

32. Statutory Reserve

The Bank did not deduct the statutory reserves during the period due to the fact that these statements are condensed consolidated financial statements.

33- Fair Value Hierarchy

A. The fair value of financial assets and financial liabilities of the Bank specified at fair value on an ongoing basis:

Some financial assets and liabilities of the Bank are measured at fair value at the end of each fiscal period. The following table shows information about how the fair value of these financial assets and liabilities is determined (valuation methods and inputs used).

Financial Assets / Financial Liabilities	Fair Value		The Level of Fair Value	Valuation Method and Inputs Used	Important Intangible Inputs	Relation between Fair Value and Significant Intangible Inputs
	June 30, 2020	December 31, 2019				
	JD	JD				
Financial Assets at Fair Value in Through Profit or Loss						
Equity Securities	7,138,042	9,405,269	Level I	Prices issued in market values	Not Applicable	Not Applicable
Total	7,138,042	9,405,269				
Financial Assets at Fair Value in Other Comprehensive Income						
Quoted shares	42,427,488	49,901,170	Level I	Prices issued in market values	Not Applicable	Not Applicable
Unquoted shares	5,720,646	5,511,283	Level II	Comparing the market value with a similar financial instrument	Not Applicable	Not Applicable
Total	48,148,134	55,412,453				
Financial Assets at Fair Value	<u>55,286,176</u>	<u>64,817,722</u>				

There were no transfers between the first level and second level during period.

B. The fair value of financial assets and financial liabilities of the Bank (non-specific fair value on an ongoing basis):

Except as set out in the table below, we believe that the carrying value of financial assets and financial liabilities in the financial statements of the Bank approximates their fair value, as the Bank's management believes that the carrying value of the items listed below approximate their fair value, due to either their short-term maturity or repricing of interest rates during the year.

	June 30, 2020		December 31, 2019		Fair Value Level
	Book Value	Fair Value	Book Value	Fair Value	
	JD	JD	JD	JD	
Financial Assets with an Unspecified Fair Value					
Balances at Central Banks	145,009,536	145,010,865	191,817,329	191,828,776	Level II
Balances at Banks and other Financial Institutes	188,475,532	188,581,996	158,785,257	158,907,531	Level II
Deposits at Banks and other Financial Institutes	71,543,584	71,816,177	88,040,014	90,527,092	Level II
Loans	1,680,590,213	1,690,875,503	1,599,075,578	1,606,401,830	Level II
Financial assets at amortized costs	722,055,712	731,814,998	675,853,262	685,647,547	Level I and Level II
Mortgaged Financial Assets	121,150,000	121,150,000	73,714,000	73,714,000	Level II
Total Financial Assets with an Unspecified Fair Value	<u>2,928,824,577</u>	<u>2,949,249,539</u>	<u>2,787,285,440</u>	<u>2,807,026,776</u>	
Financial Liabilities with an Unspecified Fair Value					
Balances at Central Banks	286,784,135	288,396,756	296,058,936	300,866,027	Level II
Customer Deposits	2,041,053,051	2,050,953,138	2,050,955,995	2,065,021,148	Level II
Cash collaterals	78,087,584	78,087,584	58,704,352	58,707,804	Level II
Borrowed funds	282,332,616	283,713,906	226,319,099	227,612,905	Level II
Total Financial Assets with an Unspecified Fair Value	<u>2,689,257,386</u>	<u>2,701,151,384</u>	<u>2,632,036,382</u>	<u>2,652,207,884</u>	

For the above-mentioned items, the second and third level financial liabilities and financial assets have been determined at fair value according to the agreed-upon pricing model, which reflects the credit risk of the parties dealt with.

34. Comparative figures

Certain comparative figures for the year 2019 have been reclassified to line up with the Classification of the figures for the period ending June 30, 2020, and did not result in any effect in equity of the condensed consolidated interim owners' equity for the six months ended June 30, 2019, as it is only related to the calculation capital adequacy.

	December 31, 2019	
	After reclassification	Before reclassification
	JD	JD
Regulatory Capital *	364,067,718	346,967,718
Capital adequacy ratio (%)	18.01%	17,16%
Basic capital ratio (%)	16.50%	15.66%
Support capital ratio (%)	1,50%	1,50%

- * In accordance with Central Bank of Jordan Circular No. 1/1/4693 issued on April 9, 2020 and in order to be more conservative with regards to the negative effects of the Corona Virus (COVID 19) event, it was decided to suspend the decisions of the licensed Jordanian banks concerning the distribution of profits to shareholders for the year 2019 and accordingly the amounts that were recorded during the year 2019 was released in regards to calculating capital adequacy.