بنك الإسكان للتجارة والتمويل

The Housing Bank for Trade & Finance

2018 ANNUAL REPORT

بنك الإسكان للتجارة والتمويل
The Housing Bank for Trade & Finance

45th Board of Directors Report

For the Year Ending December 31, 2018

Head Office
Parliament Street, Amman, Abdali
P. O. Box 7693, Amman 11118, Jordan
Telephone: +962 6 5005555
Call Center: +962 6 5200400
Toll – Free: 080022111
Facsimile: +962 6 5690207
Swift: HBHOJOAXXXX
info@hbtf.com.jo
www. hbtf.com

His Majesty King Abdullah II Ibn Al Hussein

His Royal Highness Crown Prince Al Hussein Bin Abdullah II

Contents

9 Board of Directors
12 Chairman's Statement
14 Chief Executive Officer's Statement
17 Analysis of General Performance 2018
24 Bank's Activities
41 Bank's Strategy
42 Consolidated Financial Statements
169 Governance Report
178 Disclosure Statements
217 Organizational Structures
226 Addresses of the Bank's Branches
234 Addresses of Subsidiaries


Established in
1973

BOARD OF DIRECTORS

Board of Directors

Mr. Abdelelah Moh'd Alkhatib
Chairman - Independent

Mr. Abdulla Mubarak Al Khalifa
Vice Chairman / Representative of Qatar National Bank

Mr. Yousef Mahmoud Al-Neama
Representative of Qatar National Bank

Mr. Khalid Majid Al-Nuaimi
Representative of Qatar National Bank

Mr. Ramzi Talat Mari
Representative of Qatar National Bank

Mr. Fawzi Abdel Hameed AlMani
Representative of Kuwait Real Estate Investment Consortium

Mr. Ismail Abdalla El Mesallati
Representative of Libyan Foreign Bank

Mr. Mohamed Najib Eljamal
Representative of Libyan Foreign Bank

Mr. Issam Abdallah Alkhatib
Representative of Social Security Corporation / Jordan

Mr. Nidal Faeq Alqubaj
Representative of Social Security Corporation / Jordan

Dr. Yaser Manna' Adwan
Independent

Mr. Fawzi Yousif Al-Hanif
Independent

Mrs. Shaikha Yousuf Al-Farsi
Independent

Mr. Ammar Al-Safadi: Chief Executive Officer (CEO)

Chairman's Statement

Dear Shareholders

On behalf of the Board of Directors, I extend our greetings and am please to present the HBTF Group's 45th Annual Report, detailing the results achieved during the last year as indicated in the consolidated financial statements for the year ended 31/12/2018. The report includes all disclosure requirements and meets all the rules of corporate governance as well as the conditions stipulated in the laws and regulations related to banking.

In 2018, the HBTF Group successfully managed to maintain its good performance at a steady pace and was able to efficiently and competently handle the regional challenges that continued to have negative repercussions on the Jordanian economy. In terms of the banking sector, the Group has had a positive contribution to the national economy through the continued growth of its most important financial indicators. The balanced monetary policy adopted by the CBJ has had a clear impact, especially in terms of maintaining the Dinar exchange rate, while aligning interest rates structure with internal and external requirements of economic changes.

HBTF Group achieved a pre-tax profit of JD132 million compared to JD180 million in the previous year, while the after-tax profit amounted to JD94.5 million compared to JD125.2 million last year. This deterioration was a result of taking additional provisions of JD63 million to reinforce the sound financial standing of the Bank and enhance its solvency in line with the obligation to apply International Financial Reporting Standard IFRS9.

Despite increased competition and continued difficult economic conditions, HBTF's operating gross income grew by 7% to reach JD348.8 million in 2018 as a result of growth in net interest income, commission income, and others. The Bank's financial indicators demonstrate the strength of its financial position, with a liquidity ratio of 124% and capital adequacy ratio of 16.1%, which exceed the required ratios set by CBJ and Basel Committee. Proudly, this shows the financial strength of this organization and its ability to maintain profitability, good rates of return and low rates of NPLs.

At the end of 2018, HBTF ranked second with a Market Capitalization of JD2.6 billion representing 16.4% of the total Market Capitalization of the listed companies in Amman Stock Exchange.

In light of the results achieved in 2018, the Board of Directors recommends to the General Assembly to distribute dividends to shareholders at a rate of 15% of the nominal value of the share.

Dear Shareholders

To deal with any stressful circumstances, a prudent and vigilant plan was adopted to rationalize spending, increase resource efficiency, and optimize business and investment opportunities, looking forward to new heights and a better future.

We are confident that the Bank will improve the level of its services and improve its local and regional position through the implementation of its strategic plan and achievement of its underlying objectives.

On this occasion, I extend my sincere thanks to the Government and all official institutions, especially the CBJ and the Jordanian Securities Commission, for their continuous efforts in serving the national economy.

I would also like to thank all shareholders, depositors, and customers for their continuous support. I extend my sincere thanks and appreciation to my fellow Board members for their pivotal role in the success of the Bank and their continued dedication and commitment, which had great impact on what has been achieved so far, and to the Executive Management at their respective locations for their devoted efforts, perseverance and their continuous pursuit of the Bank's goals and aspirations.

Finally, I wish this pioneering institution more progress and prosperity to further serve our beloved country and contribute to its continued growth and development under the leadership of His Majesty King Abdullah II. I pray to God to keep him under His patronage and always guide him to lead Jordan and its people on the paths of pride and dignity.

Peace, mercy and blessings of God be upon you!

Abdelelah Alkhatib
Chairman of the Board

Chief Executive Officer's Statement

Distinguished Shareholders

With confidence and pride, I am pleased to share with you the 45th Annual Report of the HBTF Group, which includes the most important achievements during 2018. The Group has achieved good performance in light of the ongoing events and challenges that still prevail in the region.

In the midst of these events and challenges, the Bank achieved a pre-tax profit of JD132 million in 2018 compared to JD180 million in 2017. The after-tax profit amounted to JD94.5 million compared to JD125.2 million in the previous year. This decrease is mainly attributed to the additional provisions the Bank took to adhere to the requirements of the International Financial Reporting Standard "IFRS9" to strengthen the financial position of the Group.

During 2018, gross income increased by JD22.8 million or 7% to reach JD348.8 million. This increase was due to the growth of net interest and commission income by 5.2% amounting to JD306.9 million compared to JD291.7 million in 2017, whereas the gain from foreign currency and other income grew by 21.8%.

Despite the strong competition in the local banking market, total assets increased by 2% from the end of the previous year to JD8.3 billion at the end of 2018. Customers' deposits increased by 1% to JD5.9 billion. Total direct credit facilities portfolio increased by 3.5% to JD4.6 billion and the capital base was further solidified with shareholder's equity totaling JD1.1 billion.

The Bank's performance indicators reflect the strength and soundness of its financial position, with a capital adequacy ratio of 16.1%, and liquidity ratio of 124%, both above the required ratios set by the Central Bank of Jordan (CBJ). On the other hand, NPL's ratio recorded at 4.3%, where the Bank maintains adequate provision coverage ratio, which confirms the strength and soundness of the Bank's financial position, as well as the sound quality of the bank's credit portfolio. Also, the Bank achieved a good return on assets and shareholder's equity with 1.1% and 8.6% respectively.

In terms of the competitive position, the Bank's share in the Jordanian banking market stood at 14.3% in assets, 14.5% in customers' deposits and 13.7% in direct credit facilities. The Bank continued to lead the Jordanian banking market by owning the largest savings account balances in local currency with a market share of 36.5%, and the largest network of ATMs with a market share of about 13.4%.

The year2018 witnessed the opening of two new branches in promising areas in Jordan to reach 129 branches supported by 228 ATMs, bringing the number of branches of HBTF Group locally and externally to 184 branches in Jordan, Syria, Algeria, UK, Palestine and Bahrain, in addition to representative offices in Iraq, UAE and Libya.

During the year 2018, the Bank received five awards from regional, international and global institutions, one of them was " Best Bank in Jordan 2018" from Banker Middle East. The awards are a tribute to the Bank for the quality and integrity of its products and services offered in the Jordanian banking market.

Dear Shareholders

Stepping from our firm belief of the importance of effective partnership with the local community, we have set a national goal that we cherish and will always strive to serve our beloved society in fulfillment of the national institutional requirements and in accordance with our commitment to social responsibility. Such a firm belief is reinforced by a solid conviction in the role of economic institutions in contributing to the development of the local communities in which they operate. To put this into practice, the Bank has paid particular attention to the health and education sectors and has supported many social and humanitarian activities.

On this occasion, I would not miss the opportunity to thank our prudent Government and its official institutions. I would also like to thank the CBJ for its continued support to enhance the performance of the Jordanian banking sector as well as the Jordanian Securities Commission for its good management and procedures to promote economic growth. Sincere thanks are also due to the Board of Directors for their support and guidance that has fueled the Bank with success and accomplishment.

I am also pleased to extend my sincere thanks to our valued customers and shareholders for their support and confidence in us. We assure them that we will do our best to raise the bar of our services to the highest standards.

I would also like to express my appreciation and thanks to the Executive Management and all employees inside and outside the Kingdom for their strenuous efforts, which have always been characterized by the highest sense of loyalty and devotion to their organization.

May God help us to the good of our institution so that it can continue to achieve its goals and serve the country and the citizens under the leadership of His Majesty King Abdullah II; May Allah protect him.

Peace, mercy and blessings of God be upon you!

Ammar Al-Safadi
Chief Executive Officer


1977
The first bank in Jordan to introduce the Savings Account Prizes System

ANALYSIS OF GENERAL PERFORMANCE 2018

Main Financial Indicators

JD million*

Item/Year	2014	2015	2016	2017	2018
Total Assets	7,594.9	7,922.7	7,820.2	8,145.2	8,300.0
Customers' Deposits	5,459.9	5,809.8	5,647.5	5,828.1	5,873.8
Loans and Credit Facilities (net)	2,716.5	3,494.7	4,042.1	4,212.6	4,255.4
Total Equity	1,038.4	1,039.3	1,060.1	1,116.2	1,080.1
Profit before Tax	162.1	177.0	190.3	180.0	132.0
Profit after Tax	123.9	124.7	131.0	125.2	94.5
Cash Dividends	88.2	80.6	75.6	63.0	47.25
Earnings per Share (JD)	0.477	0.483	0.393	0.387	0.287
Dividends / Per Share (JD)	0.350	0.320	0.300	0.200	0.150
Share Price (JD)	9.100	9.450	9.300	8.370	8.370

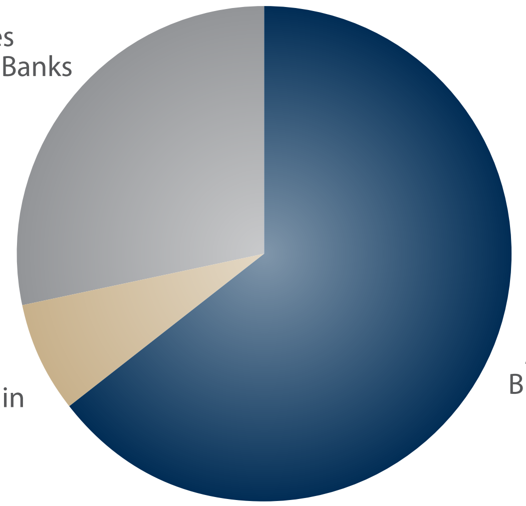
* JD= US$1.4104

Analysis of the Financial Performance

The Housing Bank Group continued to perform well in 2018 thanks to the strategy adopted by the Bank's management and prudent policies in the banking markets in which it is located, the Group achieved pre-tax profits amounting to JD132 million compared to JD180 million during 2017. After-tax net profits amounted to JD94.5 million compared to JD125.2 million in 2017.

This shortfall in profits was a result of the growth in operating income and the increase in the allowance for expected credit loss due to the Bank's commitment to the implementation of IFRS9 and take additional provisions of JD63 million to enhance the strength of the Bank's financial position and its credit standing.

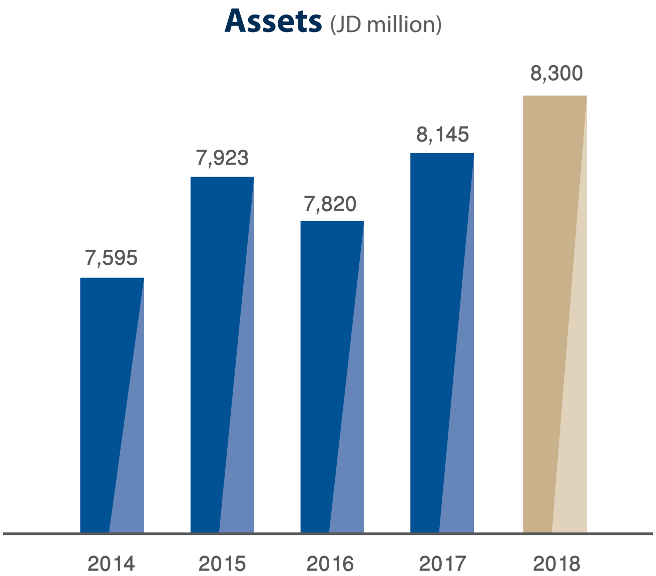
Structure of Pre-tax Profits



The following is a detailed analysis of financial performance in 2018:

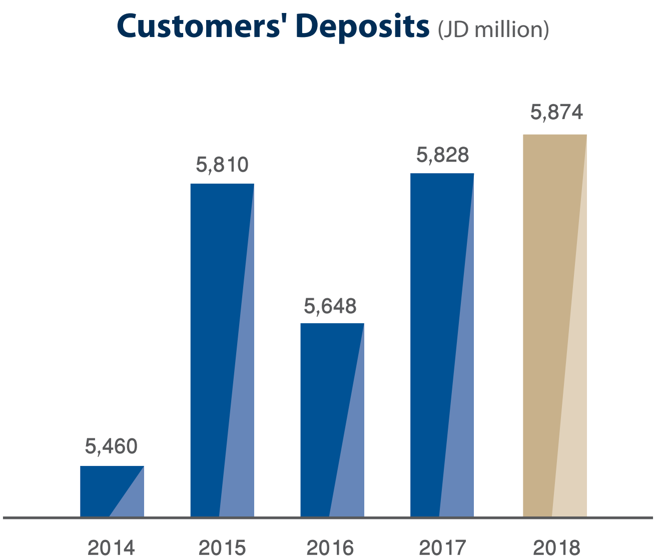
1. Gross income grew in 2018 by JD22.8 million or 7% reached to JD348.8 million compared to JD326 million in 2017; this increase was primarily driven by:
   - Net interest income increased from JD269.1 million during 2017 to JD281 million in 2018; i.e. by JD11.9 million or 4.4%.
   - Net commission income increased from JD22.6 million during 2017 to JD25.9 million in 2018; i.e. by JD3.3 million or 14.8%.
   - Net gain from foreign currency exchange increased from JD0.8 million during 2017 to JD11.2 million in 2018; i.e. by JD10.5 million.
   - Other income decreased by JD2.9 million or 8.5%. During 2017, other income included non-recurring items and when excluding them, most other income items grew during 2018.
2. Operating expenses (expenses excluding allowance for expected credit loss) increased slightly during 2018 by JD1.9 million or 1.3%.
3. Allowance for expected credit loss increased by JD61.8 million.
4. The HBTF Group has succeeded in confirming the strength of its financial position and solvency, the soundness and quality of its assets, increasing its competitiveness as well as the strength of its customers' base. HBTF Group total assets rose from JD8.1 billion in 2017 to JD8.3 billion in 2018; with an increase of JD154.8 million or 1.9%.

The growth in the assets during 2018 is due to the increase in sources of funds, mainly customers' deposits and uses of funds, mainly direct credit facilities.



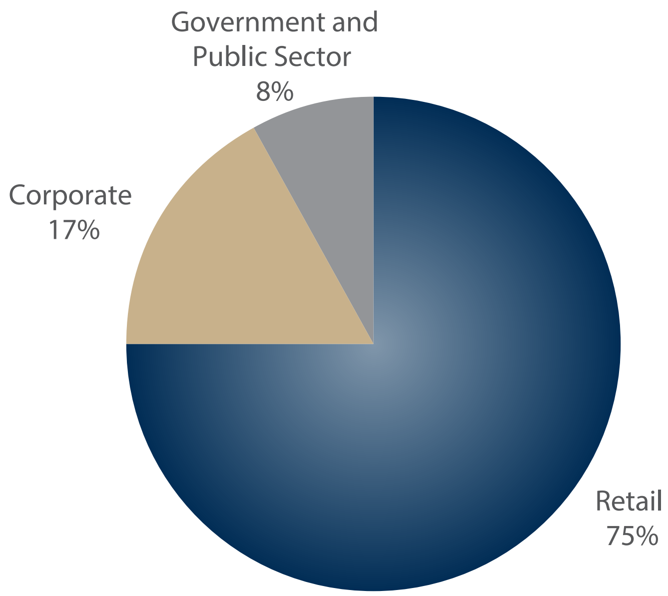
Total Deposits

Despite of increasing competition in the local banking market, the Bank's customers' deposits increased by JD45.6 million or 0.8% reached to JD5.9 billion at the end of 2018. Adding banks and financial institutions deposits, the balance of customers' deposits totaled reached to JD6.5 billion at the end of 2018 increased by 1.9%.

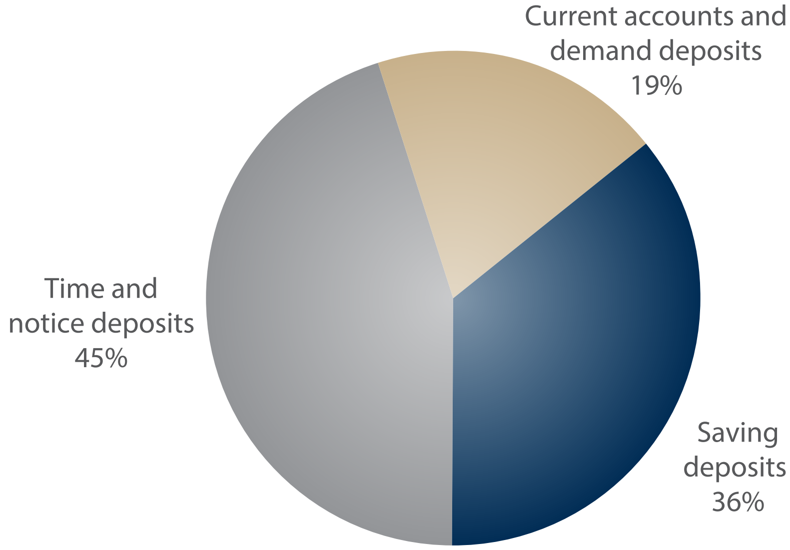


This growth in customers' deposits resulted from increased in customer confidence and the ability of employees to build good and meaningful relationships, in addition to the financial and in kind incentives provided by the Bank to the holders of deposit accounts, especially saving and time deposits.

Structure of Customers' Deposits by Depositors



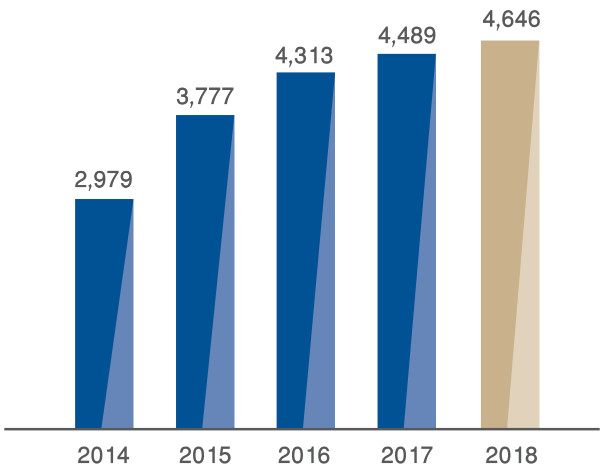
Structure of Customers' Deposits by Type



Credit Facilities

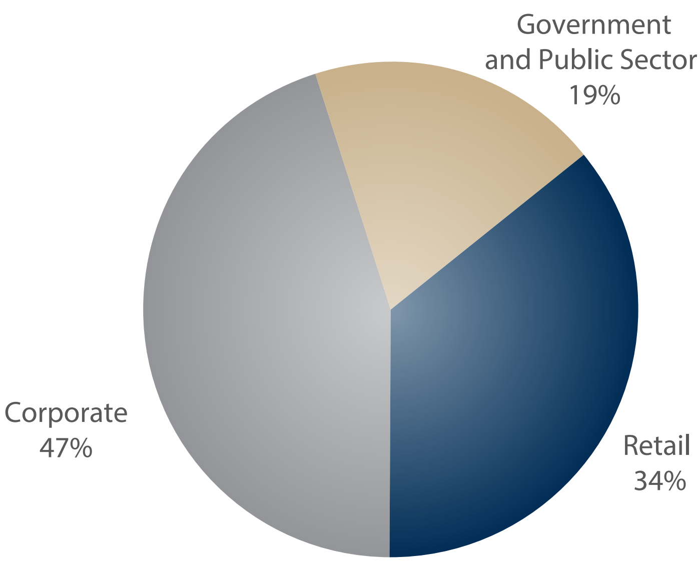
Total outstanding balance of direct credit facilities portfolio reported an increase of JD156.2 million or 3.5% reaching about JD4.6 billion at the end of 2018. After deducting provisions and interest in suspense, the net outstanding balance of direct credit facilities portfolio amounted to JD4.3 billion; moving up by JD42.7 million or 1%.

Total Direct Credit Facilities (JD million)



Such high growth was the result of prudent policy in managing liquidity, which is a key base for its financial strength and ability to move at the right level, in view of available resources and market needs. The Bank has exploited good lending opportunities in retail and corporate sectors, without breaking accepted liquidity ratios, at domestic & international levels.

Structure of Credit Facilities by Borrowers



The Bank's Major Performance Indicators

- The rate of return on average assets (ROaA) amounted to 1.1% in 2018 and the rate of return on average equity (ROaE) amounted to 8.6%.
- The capital adequacy ratio amounted to 16.1% and liquidity ratio amounted to 124% at the end of 2018, which is remarkably higher than the required percentage required by the Central Bank of Jordan and Basel Committee.
- NPLs amounted to 4.3% at the end of 2018 which is relatively low, and the Bank maintains large provisions that constitute a high coverage ratio for these debts, which confirms the integrity and quality of the credit portfolio.

Awards

The Bank won the following prizes during 2018:

- "Best Provider of Innovation Financial Services - Jordan " awarded by Banker Middle East.
- "Best Bank - Jordan" awarded by Banker Middle East.
- "Best Retail Bank - Jordan" awarded by Global Banking & Finance Review.
- "Most Innovative Corporate Bank - Jordan " awarded by International Finance.
- "Best Trade Finance Bank – Jordan" awarded by World Union of Arab Bankers.

These awards reflect the Bank's prominence and reputation locally and regionally and further testify to the excellence of the products and services provided by the Bank, in addition to recognizing the Bank's emphasis on continually enhancing the quality of services provided to customers and meeting their varying needs through a host of accessible and innovative products and services, which is a further testament of the Bank's position as a pioneer in the Jordanian banking sector.

Competitive Position

The following brief sheds light on the Bank's competitive position in the Jordanian banking industry at the end of 2018:

- The Bank maintained the first rank in terms of saving accounts' in local currency; accounting for 36.5% of the market share and thus succeeding in topping the list of banks for more than four decades, as a preferred vehicle for saving deposits in the Kingdom.
- The Bank maintained its leading position in terms of the number of branches, which amounted to 129 branches; accounting for around 14% of the market share to keep the first rank in this regards since 1978.
- The Bank maintained the first rank in terms of number of the ATMs, which stood at 228; accounting for around 13.4% of the market share; the largest and most widespread network in the Kingdom.
- The Bank stood second in terms of total assets with a market share of 14.3% of the total assets in the banking sector in Jordan.
- The Bank stood second in terms of total customers' deposits with a market share of 14.5% of total customers' deposits in the banking sector in Jordan.
- The Bank stood second in terms of total credit facilities with a market share of 13.7% of total credit facilities in the banking sector in Jordan.

BANK'S ACTIVITIES


1993 First bank in Jordan & Arab world
to establish a children branch

Retail Banking Services

In 2018, HBTF continued to strengthen its prominent position as a "Leading Bank" in the retail banking market, by providing value-added banking products and services to its individual customers through various banking channels; thus promoting its customers' experiences and reinforcing their prospect on one hand and their satisfaction and loyalty on the other.

During the year, the Bank launched several initiatives that emphasized its competitive advantage and readiness to adapt to market challenges, developments in the banking industry, and the intense competition in the banking sector. These initiatives include but are not limited to, development of new banking products and services, improvement of other existing banking products and services, adoption of the digital transformation programs in providing several banking services and adding a number of sale and incentive offers and programs. These services enabled the bank to increase its customer base and maintain its competitive position. It is worth noting that in 2018, the performance of traditional and electronic banking channels has experienced remarkable growth in a number of transactions made through these channels.

Branch Network and ATMs

In 2018, the Housing Bank opened two new branches, namely Dabouq in Amman and Thaniah in Karak Governorate; these two branches are established according to the latest modern designs, office equipment, technical systems and qualified human cadres that ensure maximum customers' comfort, and meet their needs of banking products and services with high efficiency and quality.

In this year, some of the Bank's branches in the same area or in close proximity to each other were merged. This step comes in the context of increasing operational efficiency and reduction the costs; while improving the overall appearance of its existing branches. Overall, the Housing Bank is proud to have maintained its leading position in the Kingdom in terms of its 129 branches, including the two mobile branches and children branch, with a market share of about 14%.

Moreover, the Bank offers its evening banking services through seven branches existing in the shopping malls to enable shoppers and visitors to these malls to finalize their various banking transactions.

Believing in the importance of ATMs in promoting the customer's banking experience, in 2008, the Bank has installed a number of new ATMs to become 228 ATMs located in strategic locations in the Kingdom, including the mobile ATMs which provide banking services to areas in which there are no banking services; accordingly, the Bank maintained its leading position in the Jordanian banking market at a market share of about 13.4%.

It is worth noting here that the Bank has replaced the old ATMs with the latest ATMs and the Bank periodically examines the low-performing ATMs and replaces them with new modern and sophisticated ones.

Digital Banking Services

HBTF pays attention to keeping abreast of the technological developments related to the banking services offered to its retail customers; in this context, the Bank continues the process of digital transformation to reduce volume of and transform the paper transactions from the branches to the electronic channels, make use of the social and digital media and develop platforms to closely communicate with and enable the customers to conduct their banking transactions round the clock. Proudly, 2018 has witnessed the launch and development of the following banking products and services:

Launching Iskan Online in its new identity: This electronic channel enables the customers to make various banking services, such as reviewing the account transactions, making various transfers, paying the bills at any time and from anywhere, through the use of a secure and encrypted website in a manner that protects customer data.

Launching Service of Transfer to other local banks via the Iskan Mobile: This service allows the Bank customers to send their remittances, in four currencies namely (JOD, USD, EURO, GBP), to other local banks via the RTGS & ACH systems under supervision of the CBJ and allows the Bank customers to seek information about the transfer fee, details, and status of the transfers debited from the customer's account.

Launching the 24/7 Housing Service: This service is designed to continue the development strategies and modifications of the electronic services to increase quality of offered services and to reply to the customers' inquiries related to their transactions via the telephone service center, including the immediate transfer from an account to another one, issuance of Western Union remittances, internal & external remittances, and many other banking services.

This improvement is reflected in the growing banking transactions, through these channels, at rates higher than the targeted ones and this is due to the improvements made by the Bank to its electronic channels by increasing efficiency of its use.

New Banking Products and Services

HBTF has reinforced its outreach through retail banking by offering modern and innovative products and services to meet the aspirations of all segments of customers; as well as, providing opportunities for new target groups to receive the Bank's distinctive products and services. Accordingly, in 2018, the Bank continued the implementation of strategic initiatives and integrated banking packages of banking solutions designed to enhance the customer experience. Moreover, the Bank continues its strenuous efforts in marketing these products through extensive media campaigns and product promotion via its network branches, SMS, and other various social media channels. Within this framework, the Bank launched the following services, programs and campaigns in 2018:

Launching the EDGE program: This program provides unique features and distinguished services to the very important customers and gives them priority in all areas of dealing through the entire distribution channels. To achieve the goal of this program, an integrated customer care center was opened in 2018 in Abdoun, where customers of this program were provided with the highest degrees of care, attention, and privacy; in addition, qualified relationship managers were assigned to deliver services to and communicate with customers through several branches, namely: Gardens, Rabiyah, Dabouq, Abdullah Ghosheh, Jubeiha, Madina Munawarah, and Prince Rashed District. Qualified relationship managers manage accounts, work hard to meet customers' requirements, and provide banking advice to them.

Moreover, the program provides the Visa Infinite, Visa Signature, Master Card World Elite Credit Cards, and the Visa Infinite and Visa Signature Direct Payment Cards to give customers a unique taste of luxury and to help them access the best and most available services, in an easy and comfortable manner, around the world.

Within 2019, the Bank looks forward to expanding the Edge Customer Service by opening new centers in different locations, including a center in the new headquarter building in Shmeisani and in the Private Banking Services branch.

Development of Saving Accounts prizes of 2018: In continuation of the Bank's strategy designed for its customers to enhance their saving culture and reward them for their loyalty and confidence, the Bank has launched the largest and most valuable Savings Account Prizes in the Jordanian Banking Sector in 2018.

The new campaign is called "Forget the previous calendar and approve the Housing Bank's calendar" which is based on graduated increasing of the monthly prizes value reaching to the largest prize, in the Jordanian banking market by the amount of JOD 1,250,000 for one winner at the end of 2018, also, the campaign included a valuable daily prize throughout the holy month of Ramadan which is a kilo gram of gold.

As a leading Bank in the Jordanian banking sector, the Bank endeavors to offer the best prize for saving accounts in terms of value of each prize, total value and the number of saving account prize, to maintain and encourage the existing customers to increase their deposits in the saving accounts and acquire new customers.

Launching the Renewable Energy Financing Program: The Initiatives was based on the Bank strategy of strengthening the cooperation in renewable energy financing solutions which have resulted in concluding an agreement with the Jordan Renewable Energy & Energy Efficiency Fund (JAREEF), whereby the Bank will grant the (retail & SME's) customers with soft loans. The Fund will pay the interest on these loans on behalf of the beneficiaries, which will positively affect the environment and reduce the Kingdom's consumption rate.

Addition of a new segment to the product of "Fixed Deposit with prizes": Building on the successful of Fixed Deposit with prizes' product which is the first of its kind in the Jordanian banking sector, and for the purpose of allowing new target groups to enjoy features of this product, a new segment was added and thus, the overall segments have become, allowing customers to enjoy the competitive interest rates and the opportunity to win a weekly cash prize. The product is characterized by having the highest winning opportunities; the higher the account balance, the greater customer chances are to win the weekly cash prizes, and most importantly the product is a quality addition to the Bank's list of products and services to stand out with its strategy in keeping up with the development trend in the banking industry.

Signing a cooperation agreement between the Bank and the King Hussein Cancer Center to promote the Takaful Care Program: This program provides treatment for cancer patients at the King Hussein Cancer Center, noting that such program is available to the Bank's customers and non-customers of all ages, where they can select the appropriate treatment coverage offered by this center with an annual premium.

Iskan Cards

In continuation to its success in cards market both credit and debit cards (Visa and MasterCard), the Bank sustained and strengthen the card features to be used and enjoyed by its cardholders through exlusive partnerships and offering with some of the most prestige's brand names, in addition to launching many promotional offers with numerous prizes and discounts. In this context, the Bank launched new debit cards to its affluent segment in two types: Signature and Infinite Visa; both card types are payWave-enabled cards, that support NFC technology which facilitate seamless shopping experience, at a high level of security, given that this is one of the latest technologies in the electronic payment sector.

The new card offers enriched value to its holder,

including free access to the VIP lounges at more than 850 airports around the world through Loungekey Program, various discount offers at top merchants, life concierge services and business and leisure services. In addition, these cards offer extensive insurance coverage (emergency medical costs, accidents and travel delays), Moreover luggage loss, local and international purchases insurance and many other features.

Improvement of the Service Quality and Customer Care

To establish sustainable and distinctive relationship with the customers on basis of fairness, transparency and providing the unsurpassed banking products and services to all kinds of customers, the Bank has set up a special policy to deal with the customer complaints through establishing a specialized unit in this regard, so that the Bank would engage in its banking practices in a professional manner.

Launching the 24/7 Housing Service (Call Center) played an important role in activating direct communication with the Bank customers, identifying the impediments facing those customers, investigating reasons for and periodically reporting such impediments, and working to solve them through cooperation among the concerned departments. This has substantially improved the level of delivered services and strengthened the relations between the Bank and its customers towards achieving the best interest for them in all phases of their dealings with the Bank.

In line with the Bank's strategy to develop the bases and standards attracting the new customers and retain the existing ones, the regulatory framework was modified to approve and classify the companies transferring their employees' salaries to the Bank, whereby they can benefit from the products and services delivered by the Bank.

In 2018, the Bank continued to conduct studies to assess the level of services delivered to the customers, such as the mystery shopper and customer satisfaction studies, through the use of specialized consulting companies to conduct opinion surveys. In addition, global standards were adopted to evaluate the level of the employees' knowledge of the Bank's products and services. This would improve the customer's experience and increase their loyalty.

Corporate Banking

Despite the continued difficult conditions imposed by the state of anticipation and the economic conditions in most markets in the region, HBTF has carefully dealt with risks of such conditions with great caution and proved its ability to meet the financing needs of its customers normally. Simply stated, these conditions did not dissuade the Bank from carrying out its duty towards the Kingdom's economic and social development process.

To further augment the Bank's role in support of the national economy, in 2018, the Bank provided financing to a number of active and productive economic sectors, including the energy sector which has witnessed remarkable growth rates, development and yet major challenges. In this regard a loan agreement was concluded with the National Electricity Company, under which the Bank granted a JD 100 million to finance the needs of the company.

In 2018, the Bank's efforts focused on applying certain procedures that enable the Bank to more effectively control the credit portfolio and put the new grants operations under further examination and investigation, especially in the light of applying the IFRS 9 accounting standard. In addition, the Housing Bank expanded its relations with the existing customers and in above established fruitful working relations with new customers which resulted in increasing the credit portfolio balances by 4% approximately.

In line with the strategic direction of the Bank's to develop the e-channels and expand the customer base, in 2018, Iskan Online was launched in its new identity enabling corporate customers to undertake many services at any time, at any place, and in a safe and innovative manner. In 2019, the Client Trade Service will be launched which would enable the corporate customers to submit and electronically follow up the indirect facility applications (guarantees, bills for collection and letters of credits) without having to revert back to the Bank.

Proudly, the best reflection of the Bank's success is the pioneering role it plays in the corporate banking arena and the provision of comprehensive and integrated banking services. This is manifested in getting the 2018 Award of "Most Innovative Corporate Bank - Jordan" from International Finance in London, in addition to winning "Best Trade Finance Bank for 2018 - Jordan" from World Union of Arab Bankers in Beirut.

Small & Medium Enterprises

In line with its contribution to financing SMEs and in recognition of the importance of this sector for supporting the national economy and addressing unemployment, the Bank made a number of initiatives during 2018:

- Launching the Renewable Energy Project Financing Program in collaboration with the Jordan Renewable Energy & Energy Efficiency Fund (JAREEF), under which the Bank will be able to grant soft loans in the field of renewable energy systems, where the JAREEF shall pay interest of these loans on behalf of beneficiaries of these financing programs which would positively affect the environment and reduce the energy consumption rate at the Kingdom.
- Assign relationship officers in Bank's branches located in the commercial, industrial and small-scale business areas to provide suitable financing solutions and advice to entrepreneurs and help them to identify strategic growth opportunities for their projects.
- Signing a business agreement with the Middle East Investment Initiative (MEII) to use the website (tamweeli) which was recently launched in Jordan to help small and medium-sized entrepreneurs to access the financial institutions and make use of the quick and easy access to the technical support provided by the MEII staff to improve quality and methods of submitted information and best ways to present it. Such agreement recognizes that Bank is one of the leading banks in the field of supporting entrepreneurs and its permanent strive to reach the largest possible base of beneficiaries.

In addition, the Bank continued to finance programs of the SMEs Sector, including the following programs and products:

- Tourist Loan Product allocated to support small and medium enterprises in the tourism sector, in collaboration with USAID.
- Fixed Assets Finance Product allocated to finance various wide scale objectives, such as factory buildings, offices, machinery, equipment, furniture and decorations for a financed project.
- Central Bank Programs allocated to support small and medium enterprises.
- Economic Sector Support Programs in cooperation with the Central Bank of Jordan.
- Business Loan Program.
- Business Vehicles Loan Program in cooperation with the Jordan Loan Guarantee Company.
- Start-ups Project Loan Program in cooperation with the Jordan Loan Guarantee Company.

Specialized Financing Programs & Agreements

In consistency with the Bank's commitment to activate the Arab joint economic cooperation and enhance its effective contribution to support and stimulate the commercial exchange movement between Jordan and Arab and foreign countries, the Bank continued to implement a number of financing programs and agreements specialized in this regard, including the Arab Trade Financing Program/ Abu Dhabi.

Treasury and Investment Services

The Bank managed to maintain balanced growth in treasury and investment activities during 2018, due to its prudent investment policy that takes into consideration the risks of continuous fluctuations in the local, regional and international financial markets arising from the difficult economic conditions. This has contributed positively to maintaining the advanced position of the Bank in the area of treasury and investment.

During the year, the main focus was on reducing the cost of funds, improving the net interest margin and diversification of investments, all of which aims to supporting the Bank's various activities and achieving stable returns within acceptable levels of risk while maintaining healthy and strong liquidity levels that exceed the minimum requirement by the Central Bank of Jordan.

The Bank continue to develop and improve the experience of its retail and corporate clients in all areas. In 2018, HBTF adopted a new system that enables its clients to monitor their investments electronically via the Internet, which will contribute to improving the quality of service to clients. Furthermore, HBTF started offering financial advisory services for clients, private equity issuance management as well as feasibility studies and business valuation services for companies.

Moreover, HBTF provides various investment solutions and services which include foreign currencies and precious metals services through spot cash account and margin trading, FX forward contracts services, brokerage services in local, regional and international financial markets including option trading in International Markets. The Bank continues to market investment funds as well as portfolios management services, mutual funds and various services such as Issuance Management, Investment Trusteeship, and other services.

Financial Institutions and Correspondent Banks

In 2018, the Bank continued to work on strengthening its relationships with current correspondent banks, in addition to building new relationships with local, regional, and international financial institutions by conducting several marketing visits to key countries and utilizing communication tools to market for the Bank's services on a group level. Furthermore, by leveraging HBTF's presence in eight countries, the Bank succeeded in cementing its position regionally and internationally.

A 14% increase in revenues from payment activities and a 37% increase in revenues from indirect facilities (particularly those relating to trade finance) clearly reflected the success of HBTF's efforts in expanding relations with correspondent banks.

Looking ahead at 2019, the Bank expects a persistent increase in revenues from trade finance activities and payment services. To that end, HBTF is working on further solidifying its position on the payment business in the market by implementing innovative online payment services with reputable banks in the region to facilitate salary repatriations of Jordanian expats in key countries (namely Saudi Arabia and UAE).

Most notably, the Bank signed online payment agreements with each of the following banks:

- Saudi Investment Bank/ Saudi Arabia: Easy Transfers Payments Service.
- SAMBA Financial Group/ Saudi Arabia: Speed Cash Payments Services.

On the control side, and recognizing the importance of continually updating compliance policies to remain in line with best practices, the Bank reviewed all outstanding relationships and diligently followed up on Banks' financial performance and countries' economic conditions, capitalizing on opportunities and taking note of any adverse changes to respond to such changes in a timely manner.

Finally, it is worth mentioning that the Bank maintains strong relationships with over 500 correspondent banks spread out across 70 countries worldwide. This places HBTF in a position to provide exceptional service and reach to its clients.

International Branches and Subsidiaries

The Bank follows a policy based on diversifying the investments, mitigating the risks and increasing the return on equity; The Housing Bank Group operates across eight different markets, with a special focus on the MENA region in addition to Jordan, and the Group operates through 184 branches and 3 representative offices, distributed as the following:

- **Branches inside Jordan:** 129 branches.
- **Branches outside Jordan:** 15 branches in Palestine, and one branch in Bahrain.

Subsidiary Banks:

- International Bank for Trade and Finance / Syria (www.ibtf.com.sy): The ownership is 49.063% of the paid-up capital which amounted to SYP5.25 billion. It operates through 31 branches.
- HBTF/ Algeria (www.housingbankdz.com): The ownership is 85% of the paid-up capital which amounted to DZD10 billion. It operates through a network of 7 branches.
- Jordan International Bank / UK (www.jordanbank.co.uk): The ownership is 75% of the paid-up capital which amounted to GBP65 million. It operates through 1 branch.

Subsidiary Companies:

- Specialized Leasing Company (www.slcjo.com): The ownership is 100% of the paid-up capital which amounted to JD30 million. It operates through 3 branches.
- International Financial Center (www.ifc.com.jo): The ownership is 77.5% of the paid-up capital which amounted to JD5 million.
- Jordan Real Estate Investments and Commercial Services Co. / Jordan (www.hbtf.com): The ownership is 100% of the paid-up capital which amounted to JD40 thousand.

Representative Offices

- Abu Dhabi (UAE) Representative Office.
- Tripoli (Libya) Representative Office.
- Baghdad (Iraq) Representative Office.

In order to hold a pioneering position in the banking sector, the Bank through its presence in the International markets was keen to develop its operations in 2018 through offering a modern and a comprehensive range of banking services and solutions to meet the updated changing needs of its retail and corporate customers where the Bank operates, this helped to attract new customers and retaining the existing ones, in addition to promoting trade exchange between Jordan and the countries where the Bank operates.

The Bank's international branches in Palestine and Bahrain contributed to 7.2% of the total pretax profits of the Bank's Group. The contribution of subsidiary banks and companies was 28.2%, while representative offices continued to market the Bank's products and services, which strengthened its presence both locally and regionally.

The Housing Bank for Trade and Finance/ Algeria through following best practices, was able to achieve satisfactory results for the year 2018 and continued to follow a strategic direction to expand the range of its distinguished products and services offered to its customers in the Algerian market, and to increase its competitiveness that eventually will enhance its position.

The International Bank for Trade and Finance/ Syria, is looking forward to play a vital role in financing rebuilding Syria in 2019, through the gradual increase of its operations, whilst staying alert to market volatilities.

The representative offices assisted in enhancing the Bank's presence through introducing its services to local and official segments in the countries where the Bank operates, as well as attracting numerous financial institutions to deal with the Bank, and motivating the financial institutions and banks that deal with HBTF to increase the volume of their transactions.

Organizational Development

In line with the Bank's vision to increase the efficiency of the various banking operations through improving internal work procedures, optimal use of the potential human resources and capabilities and making maximum use of the technology available to the Bank and thus increasing the level of the services delivered to customers, HBTF made the following during 2018:

- Design new organizational structure for the Bank to reflect the best banking practices. The design based on the identification of responsibilities, accountabilities, and effective supervision of performance. This has necessitated the development of new specialized organizational units, separated some functions and merged others.

  Within this framework, the quality management unit was established under the umbrella of the Business Processes Reengineering Dept. The main duties of this unit are to define the Bank's quality policy, determine the performance quality standards in line with requirements of the Central Bank of Jordan regarding the governance instructions related to information and technology management; COBIT5, and to develop mechanisms to perform these standards. In addition, the Bank has established the Innovation and Business Development and Product Dept., as well as the Anti-Fraud Unit were created within the Operational Risk & Business Continuity Center / Risk Management Dept.

- Review and update many of the policy and procedure manuals of the Bank in general and of the external branches in particular to be in line with the organizational structures and performance.
- Develop the internal portal by updating and redesigning the respective pages of the departments and work centers and updating the operating systems on the internal portal.

Human Resources

Given the strategic importance of the human resources, HBTF prides itself of continuing to enhance the efficiency levels and productivity rates of its workforce. Within this context, the Bank continues to focus on the development of the employees' capabilities and improvement of their level of satisfaction so that they can properly perform their duties. Also, the Bank continued to apply incentive-based compensation policy focusing on rewarding outstanding performance through the allocation of a percentage of the profits to be distributed to the employees based on a special system, which calculates the incentives, based on the productivity and efficiency.

The Bank adopts the policy of providing equal opportunities for the employees to be promoted and developed through job rotation and creation of Career Paths, so that reflects diversification and lateral development of the employees' experience, all governed by fairness, efficiency, entitlement to transfer and promotion.

The year 2018 witnessed the implementation of a number of strategic projects that would improve the efficiency of human resources operations in the Bank. The first of these projects is the automation of financial files to be calculated and disbursed by HRMS systems automatically, and the completion of the development of both the system of archiving and identification system for employees and comprehensive CRSA.

Talent Attraction & Recruitment

As part of the continuous review of the workforce demands by various departments and branches 2018, witnessed an increase in the number of recruited staff to fill-in existing and future vacancies to meet the requirements resulting from the actual or expected resignations, or as a result of the creation of new responsibilities and duties or opening new branches.

To further reinforce the Bank's vision to be the Employer of Choice for job seekers within the banking sector and establish its Employment Branding image as one of the prominent organizations employing the qualified and distinguished personnel in the Kingdom, the Bank continued to attract the best university graduates and the well-known and competent Talents at the banks and other institutions. The Bank also participated in a number of Job Fairs in the Kingdom and jointly cooperated with several e-recruitment platforms.

Training & Development

Within the Bank's strategy to continually invest in its human capital and develop the employees' professional capabilities to be the main driver for sustainable business performance of the Bank, in 2018, the Bank launched the e-Learning System in cooperation with Standard Chartered Bank, targeting employees of the compliance, financial institutions and legal departments.

In 2018, HBTF provided a number of leading-edge training programs chief amongst them: new tellers orientation program, customer service training program and the e-channels training program, to name a few. The Training & Development Center is keen on continuous and periodic development of the Bank's employees in the field of basic skills of computer applications, through applying Talal Abu-Ghazalah IT Skills Program, along with other specialized courses in the field of computer applications and job-specific courses, such as IFRS 9, COBIT 5, and Project Finance & Modeling courses delivered by international companies specialized in these areas. Effectively, these courses are designed to be interactive and intensive programs focusing on engaging the participants with activities to enhance and augment their skills, knowledge and understanding of the banking business while reinforcing to work ethics and code of conduct.

As for leadership and management skills of the employees occupying the leadership and management positions, the Bank held "Leading The Way Workshop" to keep up with the latest trends in leadership, and to reinforce the Human Resources strategy that is designed to leverage the Bank's departmental performance and instill the best practices, that will positively reflect on the organizational performance.

In parallel, the Bank continued to enhance its learning culture by annually sending a number of qualified staff, to obtain academic and professional degrees in various fields of banking, from leading institutions, universities and training centers locally and internationally.

It is worth mentioning that during 2018, the Bank provided 5473 training opportunities to employees inside and outside the Kingdom, where these training courses covered the managerial, financial, accounting, auditing, credit, behavioral skills, banking, treasury, investment, personal computer skills, and English language. To review the most important courses held during 2018 and the numbers of participants, kindly review the disclosure section at the end of this report.

Employees Satisfaction & Loyalty

Pursuant to the Bank's interest in providing an ideal work environment to its employees, the "Employee Satisfaction Questionnaire" was launched during 2018 with good response rates from the Bank's employees in Jordan.

The questionnaire is designed to deep dive into the opinions of employees of different departments, centers and branches on a number of factors that contribute to the overall satisfaction and loyalty of employees. The results of the questionnaire on the different topics pointed out good overall satisfaction rates reflecting the successful initiatives offered to support the employees and improve their work environment. The questionnaire pointed out the staff's high satisfaction with the salaries, incentives, promotions, training and skills acquisition.

In 2018, the Bank implemented many initiatives that would create an optimal work environment enhancing the level of job satisfaction and stimulating employees' performance, including:

- Launch the Housing Bank's Book Club that aims at the dissemination of information and exchange of ideas among the employees and simulating their creativity and innovation. The idea of the Club is simply to hold monthly dialogue sessions to discuss a book related to economics, banking, human development or self-development fields.
- Launch of the Ideal Employee Recognition Program that aims at rewarding outstanding performance thus emphasizing the Bank's efforts to stimulate and motivate employees to create, innovate and develop their performance and exert their best efforts to maximize their performance, and achieve work goals.
- Organizing social and sporting events and activities in which the employees and their families participated in an endeavor to enhance social relationships.

Risk Management

During 2018, the Bank focused on prudent risk management practices due to the continuous challenges arising from political and economic situations. This necessitated the development of sound methodologies to address the major risks that the Bank may face, such as: credit risk, market risk, operational risk & business continuity, liquidity risk, interest rate risk, reputational risk, strategic risk, and Cyber Risks.

The sustainable performance of HBTF Group relies on its ability to manage various types of risks. HBTF has developed strong and independent risk management structure and framework that ensures managing risks in an efficient manner. The risk management is independent from other activities in the Bank, reporting directly to the Board Risk Committee. Furthermore, the Bank continued in developing and implementing enterprise-wide risk governance framework, which includes methodologies, systems, risk appetite, risk limits and risk policies aiming to identify measure, control, mitigate risks and report to senior management and the Board on regular basis.

This was evident in:

- Proper implementation of various risk policies and methodologies in line with international standards and corporate governance to mitigate levels of risks and maintain them within the approved risk appetite.
- Continuous assessment of Control Risk Self- Assessment (CRSA) in its foreign branches and subsidiaries. Furthermore.
- Enhancements to the ICAAP mechanisms, Key Risk Indicators, and early warning signals in line with best practices to enable the Bank to comply with CBJ regulations regarding Domestic systemically important banks "D-SIBs".
- Completion of IFRS 9 project in line with CBJ and Best practices.
- Implementation of a cyber-security strategy aligned with HBTF strategy, an appropriate risk assessment to its information, assets and embedded Information asset management best practice, ensuring compliance with asset classification policy and data protection principles.
- Conducting several awareness programs in order to promote sound corporate culture and mitigate the impact of potential sources of risks, and increase employee awareness.
- The disclosure No. 45 in the financial statements in this report provides more information and particulars about the risk management.

Compliance

Creating a strong Anti-Money Laundering and Combating Terrorist Financing (AML/CTF) and sound compliance culture is one of the main priorities for HBTF. This comes from the robust belief of HBTF's management that commitment in implementing best practices and executing the regulations issued by local and international bodies in the fields of compliance, AML/CTF, sanctions regimes and dealing with customers' complaints will enhance the transparency, ethics and professional values on all levels for the Bank's activities.

Within this framework, HBTF maintained during 2018 its core values and professional standards in executing banking business in compliance with the instructions of regulatory bodies and the avoidance of risks resulting from non-compliance through the following:

- Preparation, reviewing and development of compliance policies and procedures.
- Preparation and reviewing the AML/CTF and sanctions systems and procedures, by updating these systems and procedures periodically.
- Commitment in executing FATCA requirements
- Filing the suspicious activity or transaction reports that has a relation to money laundering or terrorist financing by using a proper techniques and data extraction tools.
- Receiving, investigating and responding to all customers' complaints.

In 2018, HBTF witnessed implementing many types of systems that helped enhancing the preventive measures against Fraud and AML/CTF, such as:
goAML reporting application.
Sanctions screening systems.
Vessel tracking and screening system.
Dual-use goods lists.
Dow jones PEPs lists.
Regulatory Compliance Management System (RCM).

As part of HBTF's education and awareness practices in the fields of compliance and AML/CTF, HBTF continued its training programs for all employees in different business sectors, as well as educating its employees through circulars and awareness letters regarding due diligence requirements and using best endeavors to achieve that. In addition, HBTF periodically updates its intranet to include all laws and regulations related to compliance, AML/CTF and in

Promotion and Marketing

The success of HBTF over the past 45 years, was based on deeply rooted pillars that enabled it to attain consecutive achievement, and one of those pillars was marketing and digital marketing in specific. Such channel allowed the Bank to maintain its brand positioning and continuously communicate with the existing and potential customers amidst the fierce competition in the Jordanian banking market.

In this context and in 2018, the Bank focused on digital transformation plans which enabled it to augment its leading position in the digital arena in the Jordanian banking market, through a proactive approach in digital advertising and social media platforms to closely communicate with the bank's customers.

In 2018, the Bank carried out intensive and comprehensive marketing and promotional campaigns for a variety of products and services targeting all segments of individual and corporate customers and such campaigns were based on continuous market research on the customers' future needs and expectations.

At the time of launch of such campaigns, the Bank intensified its presence in conferences and seminars, either through sponsorships or providing the research and work documents and promoting the Bank's products and services.

Those marketing campaigns reinforced the Bank's efforts to reach all target segments of the Jordanian community, such as:

- Promotional campaign for Savings Account prizes.
- Promotional campaign for Mustaqbali Savings Account.
- Promotional campaign for Fixed Deposit Account with prizes.
- Promotional campaign for new Salary Accounts.
- Promotional campaign for MasterCard to encourage international usage.
- Promotional campaign for Visa Cards to encourage usage.
- "Instant Cash Rewards" promotional campaign on debit cards.
- Promotional campaign for Car Loan in cooperation with the Car Dealers (Ford, Mitsubishi, and Suzuki).
- Promotional campaign for e-channels.
- Promotion campaign for personal loan and wealth management.
- Promotional campaign for Western Union.

Information Technology

In line with the latest developments in the banking technology, HBTF, in 2018, continued to develop its various electronic and digital channels, enhance customer self-service around-the-clock and provide more convenient and quick banking transactions. The Bank devoted its efforts to achieve digital transformation strategy to re-configure the applications, platforms, and e-portals and develop performance indicators to align with the strategic transformation of the Bank.

Within its adherence to the regulatory authorities' legislation, the Bank is keen to comply with requirements of the Central Bank of Jordan concerning the COBIT 5 instructions.

Moreover, the Bank continued to develop and improve the efficiency of the operational environment of its information systems and apply the security and protection requirements enforced by regulatory authorities. During 2018, the Housing Bank implemented many projects in this regard, of which the most important are the Analytical Dashboards, and brokerage system for the local, regional and international markets, to allow e-trading services for the customers. In addition, the Bank completed the implementation of SWIFT Reporting System regulatory controls and upgraded SWIFT system to the latest version.

Sustainability and Social Responsibility

HBTF pays great attention to principles of the sustainability in terms of social, economic and environmental dimensions. In fact, sustainability is embedded within the Bank's processes, operations, and core values, guiding the principles of setting goals and strategic plans that charts the way in which the Bank leads into new heights of proficiency, efficiency and excellence. Such direction reflects the resolve stance and the image of the Bank being an integral part of the Jordanian community.

It is worth mentioning that in 2018, the Bank issued its first annual Sustainability Report in accordance with the latest global sustainability reporting standards and the report was approved by the Global Reporting Initiative (GRI).

This first Sustainability Report is a significant achievement to the Bank especially that it comes within the Bank's constant commitment to the positive and viable impact of sustainable development with the economic, social and environmental dimensions. Moreover, the report promotes culture transparency and adopts sound governance rules.
Based on the Bank's firm belief that social responsibility is the most important national project to advancing development and growth, the Bank is keen to devote the spirit of solidarity among different segments of the community in accordance with a clear and comprehensive strategy targeting key sectors, such as health, education, culture, youth and the environment sectors.

Bank's Strategy

In the midst of the challenging regional circumstances, where the Jordanian economy continues to suffer from the political and security consequences in the region, affected by the crises in both Syria and Iraq, the Bank's strategy has been set for the next five years to reflect our fundamental goal of making the Bank stronger and safer, so that it can leverage on the future opportunities and achieve the best-added value for all customers, shareholders, employees and others related stakeholders.

The five-year strategy is set to enhance the customer's experience with the Bank and to achieve the best sustainable financial performance within the context of Corporate Governance which includes a prudent system for control and risk management.

The Bank will continue to focus on keeping abreast with the technological changes in financial services field, meet the changes in customer expectations and take into account the changes in the competitive environment, regulatory directives, and economic, political and social developments.

The Bank Strategy is based on the following key pillars:

First: Improving the Bank's leading position in the Jordanian banking market

The Bank enjoys a leading position in the Jordanian banking market and ranks first in a number of indicators. Through our strategy, we endeavor to improve the Bank's leading position to be the first in other indicators.

Second: Maintaining or increasing our market share in the main products

Our strategy focuses on protecting and strengthening the Bank's market share in major target products by establishing a sound financial position, reputation, size, and brand.

Third: Achieving higher market growth in targeted sectors

The Bank's customers are divided into retail and corporate in different sectors. The Bank's strategy includes goals to maintain certain sectors and focus on and achieve higher market growth in other target sectors.

We endeavor to be excellent in customer service and to provide the best banking experience to the customers through continuous communication, our understanding of and meeting their needs and guiding them through a professional team so that it reflects our slogan "Housing Bank … My Bank for Life".

Fourth: Increasing the efficiency

Efficiency improvement is one of the major pillars in our strategy, where we shall achieve that by simplifying the procedures, automating the operations, rationalizing the branch network, and following up the digital technology in our business and developing our employees.

Fifth: Improving the profitability

The entire Bank's strategy pillar, plans and activities are designed to enable it to achieve sustainable growth in the business in terms of volume and quality and this shall enable the Bank to improve its profitability and added value to the shareholders.

We endeavor to achieve the strategy along with its different pillars through the following four strategic priorities:

1. Peruse hard work to achieve the best customer experience.
2. Follow up simplifying the procedures and automating processes.
3. Implementing an integrated digital transformation plan to complement the Bank's achievements in this field.
4. Continue to achieve sustainable business growth to improve profitability.

Undoubtedly, the Bank's five-year plan and the strength of its financial and market leadership shall certainly enable the Bank to provide the best customer experience and achieve adequate and sustainable returns to the shareholders.

CONSOLIDATED FINANCIAL STATEMENTS


Converted into a fully-fledged commercial bank in
1997

Deloitte.

Audit Report on the Consolidated Financial Statements

AM/ 010923

To The Shareholders of
The Housing Bank for Trade and Finance
(A Public Shareholding Limited Company)
Amman – The Hashemite Kingdom of Jordan

Report on the Audit of the Consolidated Financial statements

Opinion

We have audited the consolidated financial statements of The Housing Bank for Trade and Finance (A Public Shareholding Limited Company) "The Bank" and its subsidiaries "the Group", which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of income, consolidated statement of comprehensive income, consolidated statement of changes in owners' equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.
In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Bank as of December 31, 2018, and its consolidated financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Other Matter

The accompanying consolidated financial statements are a translation of the original consolidation financial statement, which are in the Arabic language, to which reference should be made.

Key Audit Matters

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

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

Deloitte.

A description was provided on how to examine each of the matters referred to below in the audit procedures:

Key Audit Matters	Scope of Audit to Address the Risks
1. Application of the International Financial Reporting Standard Number (9) The International Accounting Standards Board issued International Financial Reporting Standard (9) "Financial Instruments", which replaces International Accounting Standard (39). Effective January 1, 2018, the Bank has adopted IFRS (9) retrospectively without restating the comparative figures. The differences between the previously reported carrying amounts and new carrying amounts of the financial instruments of around JD 55.2 million have been recognized in the retained earnings opening balance. The key changes arising from the early adoption of IFRS (9) represent the fact that the Bank's credit losses are now based on the expected losses rather than an incurred loss model, and the change in the classification and measurement of the Bank's financial assets and liabilities.	We have gained an understanding of the Bank's policy on the classification and measurement of financial assets and liabilities in accordance with IFRS (9), and compared the policy to IFRS (9) regulatory requirements. We have also understood the Bank's expected credit loss methodology through using specialists, wherever appropriate, to satisfy ourselves about the integrity of the data which includes several items as follows: • Observing the Bank's expected credit loss policy in accordance with IFRS (9). • Determining the significant increase in credit risk. • Classifying exposures into various stages through testing a sample of the Bank's granted credit facilities. • Understanding the key data sources and data assumptions used in the expected credit loss models to determine the expected credit loss provisions; as well as the forecast assumptions used in calculating the related expected credit loss. • Checking, for a sample of exposures, the appropriateness of determining the exposure at default. • Reviewing the probability of default in the calculation of expected credit loss calculated based on several economic cycles with the information declared and appropriate, and turning it into the probability of default in accordance with a specific economic cycle. • Reviewing the calculation of expected credit loss in case of default in use, including the adequacy of collateral and consequential calculations. • Reviewing the completion of credit facilities, investment securities and deposits used in the calculation of expected credit loss as of January 1, 2018. • The significant accounting policies, accounting estimates and credit risk management disclosures are set out in notes (2), (3), (4) and (45) to the consolidated financial statements.

Deloitte.

2. Adequate Provision for Credit Losses on Credit Facilities Credit facilities are a major part of the Bank's assets. Due to the importance of the judgments used in the classification of credit facilities at the various stages set forth in International Financial Reporting Standard (9) and the related provision requirements, they have been considered as key audit risks. The Bank's management exercises significant judgment and uses assumptions to determine both the timing and amount of provision to be recorded as expected credit losses. The Bank's total direct credit facilities amounted to about JD 4.646 million, and the related provision for expected credit losses amounted to about JD 292 million as of December 31, 2018.	We have understood the Bank's key credit operations that include granting, certifying, controlling and allocating provisions and reviewing the internal control system on these operations. We have also read out the Bank's expected credit loss provisioning policy in relation to International Financial Reporting Standard (9) and the regulatory directives. Furthermore, we have understood the methodology used by the Bank to determine the provisions against exposures classified as in (stages 1,2 and 3). The reasonableness of the underlying assumptions, the adequacy of the data used by the Bank, and the use of experts were appropriate to satisfy ourselves about these data. We have selected a sample of credit facilities to review the following: • The completeness of credit facilities included in the calculation process of expected credit loss. • The appropriateness of the Bank's determination of the significant increase in credit risk and the basis for the classification of exposures into different stages. • The appropriateness of determining exposure when default occurs and the probability of default and loss in the event of default in the calculation of the expected credit loss of a sample of exposures. • Credit facilities whose impairment has been determined individually and classified as in stage 3. • Management's estimate of future cash flows, their reasonableness, and outcome of the calculation of provisions. The significant accounting policies, accounting estimates, and credit risk management disclosures are presented in notes (2), (3), (4), (10) and (45) to the consolidated financial statements.

Deloitte.

3. Valuation of Financial Assets at Fair Value	
The process of evaluating financial assets at fair value is considered a complex process and requires the use of future cash flow models including fair value factors. As of December 31, 2018, non-current investments amounted to about JD 20.1 million.	The audit included evaluating the methodology used and the appropriateness of valuation models and inputs used to assess non-current investments. As part of the audit, we also reviewed the reasonableness of the most important inputs used in the valuation process, such as expected cash flows and discount rates by comparing them with market information. Disclosures about financial assets at fair value are disclosed in notes (8) and (9) to the consolidated financial statements.

Other Information

Management is responsible for other information. The other information comprises the other information in the annual report, excluding the consolidated financial statements and the independent auditors' report thereon. We expect that the annual report will be made available to us after the date of our audit report. Our opinion on the consolidated financial statements does not cover the other information, and we do not express any form of assurance or conclusion thereon.

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

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

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

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

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and implementation of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

The Bank maintains proper books of accounts, which are in agreement with the consolidated financial statements. We recommend that the General Assembly of Shareholders approve these consolidated financial statements.

Amman – The Hashemite Kingdom of Jordan
February 11, 2019

Deloitte & Touche (M.E.) – Jordan

Deloitte & Touche (M.E.)
ديلويت آند توش (الشرق الأوسط)
010103

Consolidated Statement of Financial Position

	Note	December 31,	
		2018	2017
		JD	JD
Assets:			
Cash and balances at central Banks	5	1,182,417,706	1,249,146,768
Balances at banks and financial institutions	6	552,436,392	494,547,239
Deposits at banks and financial institutions	7	37,578,850	38,122,776
Financial assets at fair value through profit or loss	8	3,735,411	21,399,878
Direct credit facilities-net	10	4,255,354,746	4,212,637,422
Financial assets at fair value through other comprehensive income	9	372,003,362	1,983,995
Financial assets at amortized cost - net	11	1,486,802,987	1,781,141,993
Property and equipment - net	13	186,565,718	179,559,351
Intangible assets - net	12	23,628,921	25,083,022
Deferred tax assets	20/e	76,354,109	38,384,838
Other assets	14	123,159,399	103,186,885
TOTAL ASSETS		**8,300,037,601**	**8,145,194,167**
LIABILITIES AND OWNERS' EQUITY:			
LIABILITIES:			
Banks and financial institutions deposits	15	615,208,559	541,721,932
Customers' deposits	16	5,873,760,855	5,828,132,571
Cash margins	17	286,986,276	266,606,789
Borrowed funds	18	125,858,988	114,136,785
Sundry provisions	19	53,814,157	55,284,690
Income tax provision	20/a	49,752,994	50,509,319
Deferred tax liabilities	20/e	4,141,270	2,185,858
Other liabilities	21	210,420,928	170,385,862
TOTAL LIABILITIES		**7,219,944,027**	**7,028,963,806**
OWNERS' EQUITY:			
BANK'S SHAREHOLDERS' EQUITY:			
Paid-up capital	22	315,000,000	315,000,000
Share premium	22	328,147,537	328,147,537
Statutory reserve	23	219,222,999	206,742,971
General banking risks reserve	23	-	37,608,684
Special reserve	23	10,798,320	8,807,007
Foreign currencies translation	24	(113,597,748)	(106,641,415)
Fair value reserve – net	25	(2,219,625)	(109,459)
Retained earnings	26	268,842,701	273,604,841
TOTAL BANK'S SHAREHOLDERS' EQUITY		**1,026,194,184**	**1,063,160,166**
Non-controlling interest		53,899,390	53,070,195
TOTAL OWNERS' EQUITY		**1,080,093,574**	**1,116,230,361**
TOTAL LIABILITIES AND OWNERS' EQUITY		**8,300,037,601**	**8,145,194,167**

The accompanying notes constitute an integral part of these consolidated financial statements and should be read with them and with the audit report.

Consolidated Statement of Income

	Note	For the Year Ended December 31,	
		2018	2017
		JD	JD
Interest income	29	418,271,541	379,106,993
Interest expense	30	(137,274,756)	(109,993,008)
Net Interest Income		**280,996,785**	**269,113,985**
Net commission income	31	25,899,994	22,569,539
Net Interest and Commission Income		**306,896,779**	**291,683,524**
Gain from foreign currencies	32	11,208,811	751,411
(Loss) from financial assets at fair value through profit or loss	33	(460,109)	(297,676)
Cash dividends from financial assets at fair value through other comprehensive income		169,739	-
Other income	34	31,009,571	33,906,207
Total Income		**348,824,791**	**326,043,466**
Expenses			
Employees' expenses	35	75,981,500	75,816,419
Depreciation and amortization	12 &13	15,824,709	15,439,485
Other expenses	36	54,067,600	52,729,705
Allowance for expected credit loss - Net	37	62,693,808	870,388
Sundry provisions		8,256,576	1,174,773
Total expenses		**216,824,193**	**146,030,770**
Profit for the period before income tax expense		132,000,598	180,012,696
Income tax expense	20/b	(37,473,860)	(54,808,429)
Profit for the Year		**94,526,738**	**125,204,267**
Attributable to:			
Bank's Shareholders		**90,316,409**	**121,868,089**
Non-Controlling Interest		**4,210,329**	**3,336,178**
		94,526,738	**125,204,267**
Basic and diluted earnings per share for the period attributable to the Bank's Shareholders	38	**JD 0.287**	**JD 0.387**

The accompanying notes constitute an integral part of these consolidated financial statements and should be read with them and with the audit report.

Consolidated Statement Of Comprehensive Income

	For the Year Ended December 31,	
	2018	2017
	JD	JD
Profit for the Year	94,526,738	125,204,267
Other comprehensive income items which may be reclassified to profit or loss in the subsequent period		
Foreign currencies translation	(8,706,550)	7,386,602
Other comprehensive income items that will not be reclassified to profit or loss in the subsequent period		
Realized gain from sale of financial assets at fair value through other comprehensive income	5,097	-
Net Change in valuation reserve of financial assets at fair value through comprehensive income after tax	(2,110,166)	235,218
Total other Comprehensive Income for the Year after Tax	**(10,811,619)**	**7,621,820**
Total Comprehensive Income for the Year	**83,715,119**	**132,826,087**
Attributable to:		
Bank's Shareholders	**81,255,007**	**126,177,446**
Non-Controlling Interest	**2,460,112**	**6,648,641**
	83,715,119	**132,826,087**

The accompanying notes constitute an integral part of these consolidated financial statements and should be read with them and with the audit report.

Consolidated Statement of Changes in Owners' Equity

For the Year Ended December 31, 2018	Note	Paid-up Capital	Share Premium	Reserves				Foreign Currency Translation	Fair Value Reserve - Net	Retained Earnings	Total Shareholder's Equity	Non-Controlling Interest	Total Owners' Equity
				Statutory	Voluntary	General Banking Risks	Special Reserve						
		JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Beginning balance for the year		**315,000,000**	**328,147,537**	**206,742,971**	**-**	**37,608,684**	**8,807,007**	**(106,641,415)**	**(109,459)**	**273,604,841**	**1,063,160,166**	**53,070,195**	**1,116,230,361**
Effect of implementation of International Financial Reporting Standard No. (9)	2/b	-	-	-	-	-	-	-	-	(55,220,989)	**(55,220,989)**	(69,975)	**(55,290,964)**
Transferred from general banking risks	23	-	-	-	-	(37,608,684)	-	-	-	37,608,684	**-**	-	**-**
Adjusted beginning balance		315,000,000	328,147,537	206,742,971	-	-	8,807,007	(106,641,415)	(109,459)	255,992,536	**1,007,939,177**	53,000,220	**1,060,939,397**
Profit for the Year		-	-	-	-	-	-	-	-	90,316,409	**90,316,409**	4,210,329	**94,526,738**
Net change in valuation reserve of financial assets at fair value through other comprehensive income after tax	25	-	-		-	-	-	-	(2,110,166)	-	**(2,110,166)**	-	**(2,110,166)**
Foreign currency translation		-	-	-	-	-	-	(6,956,333)	-	-	**(6,956,333)**	(1,750,217)	**(8,706,550)**
Realized gain from sold financial assets at fair value through other comprehensive income		-	-	-	-	-	-	-	-	5,097	**5,097**	-	**5,097**
Total Comprehensive Income		-	-	-	-	-	-	(6,956,333)	(2,110,166)	90,321,506	**81,255,007**	2,460,112	**83,715,119**
Transferred to reserves		-	-	12,480,028	-	-	1,991,313	-	-	(14,471,341)	**-**	-	**-**
Dividends paid	26	-	-	-	-	-	-	-	-	(63,000,000)	**(63,000,000)**	(1,560,942)	**(64,560,942)**
Ending Balance for the Year		**315,000,000**	**328,147,537**	**219,222,999**	**-**	**-**	**10,798,320**	**(113,597,748)**	**(2,219,625)**	**268,842,701**	**1,026,194,184**	**53,899,390**	**1,080,093,574**
For the Year Ended December 31, 2017													
Beginning balance for the year		**252,000,000**	**357,925,469**	**189,054,310**	**33,222,068**	**36,101,000**	**7,752,032**	**(110,715,554)**	**(344,677)**	**247,953,497**	**1,012,948,145**	**47,102,397**	**1,060,050,542**
Profit for the Year		-	-	-	-	-	-	-	-	121,868,089	**121,868,089**	3,336,178	**125,204,267**
Net change in valuation reserve of financial assets at fair value through other comprehensive income after tax	25	-	-	-	-	-	-	-	235,218	-	**235,218**	-	**235,218**
Foreign currency translation		-	-	-	-	-	-	4,074,139	-	-	**4,074,139**	3,312,463	**7,386,602**
Total Comprehensive Income		-	-	-	-	-	-	4,074,139	235,218	121,868,089	**126,177,446**	6,648,641	**132,826,087**
Increase in paid-up capital	22	63,000,000	(29,777,932)	-	(33,222,068)	-	-	-	-	-	**-**	-	**-**
Expenses on increasing paid up capital		-	-	-	-	-	-	-	-	(365,425)	**(365,425)**	-	**(365,425)**
Transfers to/from reserves		-	-	17,688,661	-	1,507,684	1,054,975	-	-	(20,251,320)	**-**	-	**-**
Dividends paid	26	-	-	-	-	-	-	-	-	(75,600,000)	**(75,600,000)**	(680,843)	**(76,280,843)**
Ending Balance for the Year		**315,000,000**	**328,147,537**	**206,742,971**	**-**	**37,608,684**	**8,807,007**	**(106,641,415)**	**(109,459)**	**273,604,841**	**1,063,160,166**	**53,070,195**	**1,116,230,361**

- Retained earnings includes a restricted amount of JD 7,417,167, which represents the financial assets revaluation differences in in accordance with the instructions of the Central Bank of Jordan and the Jordan Securities Commission.
- Retained earnings includes an amount of JD 563,978, which represents the effect of early implementation of the International Financial Reporting Standard No (9). This amount may not be used except for the amounts actually realized from sale.
- Retained earnings includes a restricted amount of JD 76,354,109, which represents deferred tax assets, and an amount of JD 2,219,625, which represents the negative change in financial assets at fair value through other comprehensive income, including capitalization or distribution only to the extent if actually recognized in accordance with the instructions of the Central Bank of Jordan and the Jordan Securities Commission.
- Retained earnings includes a restricted amount of JD 13,829,104, which represents the gain from the valuation of foreign currencies at the International Bank for Trade and Finance /Syria for the current period and the prior periods.

The accompanying notes constitute an integral part of these consolidated financial statements and should be read with them and with the audit report.

Consolidated Statement Of Cash Flows

	Note	For the Year Ended December 31,	
		2018	2017
		JD	JD
Operating Activities			
Profit before income tax		132,000,598	180,012,696
Adjustments for non-cash items:			
Depreciation and amortization		15,824,709	15,439,485
Provision for expected credit loss	37	62,693,808	308,256
Net unrealized loss from the valuation of financial assets at fair value through profit or loss		558,248	568,800
Net accrued interest and commission income		(3,587,350)	6,727,814
Effect of the change in exchange rates on cash and cash equivalents		(3,612,862)	812,778
Provision for end-of-service indemnity expense		3,245,903	3,542,869
Premiums and discounts amortization		1,103,230	537,485
Sundry provisions		8,256,576	-
Others		2,432,574	1,884,007
Cash flows from operating activities before changes in assets and liabilities		**218,915,434**	**209,834,190**
Decrease (Increase) in Assets			
Deposits at banks and financial institutions (maturing within more than 3 months)		268,059	(15,326,882)
Direct credit facilities		(164,103,201)	(169,765,897)
Financial assets at fair value through profit or loss		(526,448)	(10,959)
Other assets		(15,744,283)	(817,959)
Increase (Decrease) in Liabilities			
Banks and financial institutions' deposits (maturing within more than 3 months)		78,042,047	5,448,619
Customers' deposits		45,628,284	180,605,478
Cash margins		20,379,487	(62,294,494)
Other liabilities		19,101,482	23,485,356
Sundry provisions		(12,974,559)	(6,981,067)
Net Cash Flows from Operating Activities before Income Tax		**188,986,302**	**164,176,385**
Income tax paid		(52,514,979)	(58,901,137)
Net Cash Flows from Operating Activities		**136,471,323**	**105,275,248**
Investing Activities			
(Purchase) of financial assets at fair value through comprehensive income		(96,189,680)	(1,168,253)
Sale of financial assets at fair value through comprehensive income		107,083,327	-
(Purchase) of financial assets at amortized cost		(374,159,226)	(554,777,485)
Matured financial assets at amortized cost		301,109,431	564,436,576
(Purchase) of property and equipment		(17,632,584)	(22,272,126)
Proceeds from sale of property and equipment		257,270	1,850,637
(Purchase) of intagible assets		(4,090,536)	(5,504,093)
Net Cash Flows (used in) Investing Activities		**(83,621,998)**	**(17,434,744)**
Financing Activities			
Borrowed Funds		23,400,330	94,706,389
Paid from borrowed funds		(11,678,127)	(18,908,106)
Dividends paid to shareholders		(62,947,665)	(75,553,698)
Non-controlling interest		(1,560,942)	(680,843)
Net Cash Flows (used in) Financing Activities		**(52,786,404)**	**(436,258)**
Net increase in cash and cash equivalents		**62,921**	**87,404,246**
Effect of the change in exchange rates on cash and cash equivalents		(4,347,410)	10,844,064
Cash and cash equivalents - Beginning of the year		1,271,205,423	1,172,957,113
Cash and cash equivalents - End of the Year	39	**1,266,920,934**	**1,271,205,423**

The accompanying notes from 1 to 49 are part of these consolidated financial statements and should be read with them

Notes To The Consolidated Financial Statements

1- General

- The Housing Bank for Trade and Finance (''the Bank") was established in 1973 and registered as a public shareholding limited company in accordance with the Jordanian Companies Law No. 12 of 1964. The headquarters are located in Amman – The Hashemite Kingdom of Jordan.
- The Bank provides its banking and financing business activities through its headquarters located in Amman – Jordan; its branches in Jordan (129 branches); its branches abroad in Palestine and Bahrain (16 branches); and its subsidiaries in Jordan, Syria, Algeria, and the United Kingdom.
- The Bank's shares are traded on Amman Stock Exchange.
- The consolidated financial statements were approved by the Bank's Board of Directors in their meeting held on January 24, 2019 and it is subject to the approval of the general assembly of shareholders.

2. Summary Of Significant Accounting Policies

Basis of Preparation

- The accompanying consolidated financial statements for the Bank and its subsidiaries have been prepared in accordance with the standards issued by the International Accounting Standards Board, and interpretations of the International Financial Reporting Interpertation Committee arising from the International Accounting Standrads Committee, and in conformity with the local applicable laws and regulations and the regulations of the Central Bank of Jordan.
- The consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments that have been measured at fair value at the end of each financial period, as described in the accounting policies below.
- The reporting currency of the consolidated financial statements is the Jordanian Dinar, which is the functional currency of the Bank.
- The accounting policies adopted in preparing the consolidated financial statements are consistent with those applied in the year ended December 31, 2017, except for the effect of the application of the new and revised standards applied on or after January 1, 2018 as stated in Notes (3 – a & 3 – b).

Basis of Consolidation

The consolidated financial statements include the 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. Transactions, balances, income and expenses between the Bank and its subsidiaries are eliminated.

As of December 31, 2018 the Bank owns the following subsidiaries:

A. Foreign subsidiaries

- International Bank for Trade and Finance / Syria (paid-in capital is Syrian Lira 5.25 billion, of which the Bank owns 49.063%). The Bank has the power to control the administrative and financial policies of this bank. Therefore, its financial statements have been consolidated with the financial statements of the Bank. In this regard, the Bank's main objective is to conduct commercial banking activities, and ownership of this bank dates back to 2003. In addition, the International Bank for Trade and Finance has a subsidiary – The International Financial Center/ Syria with an ownership percentage of 85% of the company's capital amounting to 100 million SYL, whereas the Housing Bank for Trade and Finance owns a percentage of 5% of the company's capital.

- Housing Bank for Trade and Finance – Algeria: (ownership is 85% of the bank's capital of 10 billion Algerian dinars). The main objective of this bank is to conduct commercial banking activities, and ownership of this bank dates bank to 2002.

- Jordan International Bank / London: (ownership is 75% of paid-up capital, which amounts to 65 million pounds sterling (65 million shares), with a par value of £ 1 per share. The main objective of this bank is to conduct banking activities.

B. Local subsidiaries

- International Financial Center Company- Jordan (paid-in capital JD 5 million, of which the Bank owns 77.5%). The Company's main activity is financial brokerage in local and foreign markets, and it conducts purchase and sale transactions of financial instruments for customers and the company. The Bank's ownership in this company dates back to 1998.
- Specialized Lease Finance Company - Jordan, of which the Bank owns 100% of paid- in capital of JD 30 million. The Company's main activity is to conduct finance leases for various types of equipment and machinery, in addition to real estate, land, vehicles, and other items purchased by the company for finance lease purposes. The Bank's ownership in this company dates back to 2005.
- Jordan Real Estate Investments Company - Jordan. The Bank owns 100% of this company's paid- in capital of JD 40,000. The company's main activity is managing non - banking services employees, and the Bank's ownership in this company dates back to 1997.
- The results of the subsidiaries' operations are consolidated in the consolidated statement of income effective from their acquisition date, which is the date on which control over the subsidiaries is effectively transferred to the Bank. Furthermore, the results of the disposed-of subsidiaries are consolidated in the consolidated statement of income up to the date of their disposal, which is the date on which the Bank loses control over the subsidiaries.

Control is achieved when the Bank:
- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect the investee's returns.

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.
When the Bank has less than the majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. In this regard, the Bank considers all relevant facts and circumstances in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power, including:
- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders, or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

When it loses control of a subsidiary, the Bank performs the following;

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary.
- Derecognizes the book value of any non-controlling interests.
- Derecognizes the transfer difference accumulated in Owners' Equity.
- Derecognizes the fair value of the consideration received controlling party.
- Derecognizes the fair value of any investment retained.
- Derecognizes any gain or loss in the income statement.
- Reclassifies owners' equity already booked in other comprehensive income to the rofit or loss statement, as appropriate.

The subsidiaries' financial statements are prepared under the same accounting policies adopted by the Bank. If the subsidiaries apply different accounting policies than those used by the Bank, the necessary modifications shall be made to the subsidiaries' financial statements to make them comply with the accounting policies used by the Bank.

The non-controlling interest represent the portion not owned by the Bank relating to the ownership of the subsidiaries.

Segment Information

Business sectors represent a group of assets and operations that jointly provide products or services subject to risks and returns different from those of other business sectors which are measured in accordance with the reports sent to the operations management and decision makers in the Bank.

The geographical sector relates to providing products or services in a specific economic environment subject to risk and returns different from those of sectors functioning in other economic environments.

Net Interest Income

Interest income and expense for all financial instruments, except for those classified as held for trading, or those measured or designated as at fair value through the consolidated statement of income, are recognized in 'Net Interest Income' as 'Interest Income' and 'Interest Expense' in the statement of income using the effective interest method. Interest on financial instruments measured at fair value through the statement of income is included within the fair value movement during the period.

The effective interest rate is the rate that discounts the estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated, taking into account all the contractual terms of the instrument.

Interest income/ Interest expense is calculated by applying the effective interest rate to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortized cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortized cost of financial liabilities. For credit-impaired financial assets, the interest income is calculated by applying the effective interest rate to the amortized cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses). For financial assets originated or purchased credit-impaired, the effective interest rate reflects the expected credit losses in determining the future cash flows expected to be received from the financial asset.

Interest income and expense in the Group's consolidated statement of income also includes the effective portion of fair value changes of derivatives designated as hedging instruments in cash flow hedges of interest rate risk. For fair value hedges of interest rate risk related to interest income and expense, the effective portion of the fair value changes of the designated derivatives, as well as the fair value changes of the designated risk of the hedged item, are also included in interest income and expense.

Net Fees and Commission Income

Fees and commission income and expense include fees other than those that are an integral part of the effective interest rate. The fees included in this part of the Group's consolidated statement of income include, among other things, fees charged for servicing a loan, non-utilization fees relating to loan commitments when it is unlikely that these will result in a specific lending arrangement, and loan syndication fees.

Fee and commission expenses concerning services are accounted for as the services are received.

Net Trading Income

Net trading income includes all gains and losses from changes in the fair value of financial assets and financial liabilities held for trading. The Bank has elected to present the full fair value movement of trading assets and liabilities in trading income, including any related interest income, expense, and dividends.

Net Income from Other Financial Instruments at Fair Value through Profit or Loss

Net income from other financial instruments at fair value through Profit or Loss includes all gains and losses from changes in the fair value of financial assets and financial liabilities at fair value throughProfit or Loss except those that are held for trading. The Bank has elected to present the full fair value movement of assets and liabilities at fair value through Profit or Loss in this line, including the related interest income, expense, and dividends.

The fair value movement on derivatives held for economic hedging where hedge accounting is not applied are presented in 'Net income from other financial instruments at fair value through the statement of income. However, for designated and effective fair value hedge accounting relationships, the gains and losses on the hedging instrument are presented in the same line in the statement of income as the hedged item. For designated and effective cash flow and net investment hedge accounting relationships, the gains and losses of the hedging instrument, including any hedging ineffectiveness included in the statement of income, are presented in the same line as the hedged item that affects the statement of income.

Dividend Income

Dividend income is recognized when the right to receive payment is established. This is the ex-dividend date for listed equity securities, and usually the date when shareholders approve the dividend for unlisted equity securities.

The presentation of dividend income in the consolidated statement of the statement of income depends on the classification and measurement of the equity investment, i.e.:

- for equity instruments which are held for trading, dividend income is presented as trading income;
- for equity instruments classified at fair value through other comprehensive income, dividend income is presented in other income; and
- for equity instruments not classified at fair value through other comprehensive income and not held for trading, dividend income is presented as net income from other instruments at fair value through the statement of income.

Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognized in the Bank's consolidated statement of financial position when the Bank becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributed to the acquisition or the issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through the statement of income) are added to or deducted from the fair value of the financial assets or financial liabilities as appropriate on initial recognition. Transaction costs directly attributed to the acquisition of financial assets or financial liabilities at fair value through the statement of income are recognized immediately in the statement of income.

If the transaction price differs from fair value at initial recognition, the Bank will account for such difference as follows:

- If fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognized in the statement of income on initial recognition (i.e. day 1 the statement of income);
- In all other cases, the fair value will be adjusted to become it in line with the transaction price (i.e. day 1 the statement of income will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be recognized in the statement of income on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability or when derecognizing the instruments.

Financial Assets

Initial Recognition

All financial assets are recognized on the trading date when the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned. They are initially measured at fair value, plus transaction costs, except for those financial assets classified as fair value through Profit or Loss. Transaction costs directly attributable to the acquisition of financial assets classified as fair value through Profit or Loss are recognized immediately in the consolidated statement of income.

Subsequent Measurement

All recognized financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Specifically:

- Debt instruments held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortized cost;
- Debt instruments held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at fair value through other comprehensive income;
- All other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at fair value through the statement of income.

However, the Bank may irrevocably make the following selection / designation at initial recognition of a financial asset on an asset-by-asset basis:

- The Bank may irrevocably select to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, in other comprehensive income; and
- The Bank may irrevocably designate a debt instrument that meets the amortized cost or fair value through other comprehensive income criteria as measured at fair value through the statement of income, if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

Debt Instruments at Amortized Cost or at Fair Value through Other Comprehensive Income

The Bank assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Bank's business model for managing the asset.

For an asset to be classified and measured at amortized cost or at fair value through other comprehensive income, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding (SPPI).

For the purpose of solely payments of principal and interest test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of the consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time, and for other basic lending risks and costs, as well as a profit margin. The solely payments of principal and interest assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are solely payments of principal and interest. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

Assessment of Business Models

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Bank determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Bank's business model does not depend on management's intentions for an individual instrument; therefore, the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Bank has more than one business model for managing its financial instruments, which reflect how the Bank manages its financial assets in order to generate cash flows. The Bank's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets, or both.

The Bank considers all relevant information available when making the business model assessment. However, this assessment is not performed based on scenarios that the Bank does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. The Bank takes into account all relevant evidence available such as:

- The stated policies and objectives of the portfolio and application of those policies whether the management strategy focuses on obtaining contractual revenues, maintaining specific profit rate matching the profit of financial assets with the period of financial liabilities that finance those assets.
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- How the business managers are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Bank determines whether newly recognized financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Bank reassess its business models each reporting period to determine whether the business models have changed since the preceding period.

When a debt instrument measured at fair value through other comprehensive income is derecognized, the cumulative gain/loss previously recognized in other comprehensive income is reclassified from equity to the statement of income. In contrast, for an equity investment designated as measured at fair value through other comprehensive income, the cumulative gain/loss previously recognized in other comprehensive income is not subsequently reclassified to the statement of income but transferred within equity.

Debt instruments that are subsequently measured at amortized cost or at fair value through other comprehensive income are subject to impairment.

Financial Assets at fair Value through Profit or Loss

Financial assets at fair value through Profit or Loss are:

- Assets with contractual cash flows that are not solely payments of principal and interest; or/and
- Assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- Assets designated at fair value through the statement of Profit or Loss using the fair value option.

These assets are measured at fair value, with any gains/losses arising on re-measurement recognized in the statement of income.

Reclassifications

If the business model under which the Bank holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model, which results in reclassifying the Bank’s financial assets. The changes in the contractual cash flows are considered under the accounting policy on the modification and de-recognition of financial assets described below.

Foreign Exchange Gains and Losses

The carrying amount of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in the statement of income;
- For debt instruments measured at fair value through other comprehensive income that are not part of a designated hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in the statement of income. Other exchange differences are recognized in other comprehensive income in the investments revaluation reserve;

- For financial assets measured at fair value through the statement of income that are not part of a designated hedge accounting relationship, exchange differences are recognized in the statement of income either in 'net trading income', if the asset is held for trading, or in 'net income from other financial instruments at fair value through the statement of income, if otherwise held at fair value through the statement of income; and
- For equity instruments measured at fair value through other comprehensive income, exchange differences are recognized in other comprehensive income in the investments revaluation reserve.

Fair Value Option

A financial instrument with a fair value that can be reliably measured at fair value through income statement (fair value option) can be classified at initial recognition even if the financial instruments are not acquired or incurred principally for the purpose of selling or repurchasing. The fair value option may be used for financial assets if it significantly eliminates or significantly reduces the measurement or recognition inconsistency that would otherwise have resulted in the measurement of the asset or liability or recognized the related gain or loss on a different basis ("accounting mismatch"). The fair value option for financial liabilities can be chosen in the following cases:

- If the selection leads to a significant cancellation or reduction of the accounting mismatch.
- If the financial liabilities are part of a portfolio managed on a fair value basis, in accordance with a documented risk management or investment strategy; or
- If a derivative is included in the underlying financial or non-financial contract, and the derivative is not closely related to the underlying contract.

These instruments can not be reclassified from the fair value category through the Profit or Loss while retained or issued. Financial assets at fair value through the income statement are recognized at fair value with any unrealized gain or loss arising from changes in fair value recognized in investment income.

Impairment

The Bank recognizes loss allowances for expected credit losses on the following financial instruments that are not measured at fair value through the statement of income:

- Balances and deposits at banks and financial institutions;
- Direct credit facilities (Loans and advances to customers);
- Financial assets at amortized cost (Debt investment securities);
- Financial assets at fair value through other comprehensive income;
- Off statement of financial position exposures subject to credit risk (Financial guarantee contracts issued).

No impairment loss is recognized on equity investments.

With the exception of purchased or originated credit-impaired (POCI) financial assets (which are considered separately below), expected credit losses are required to be measured through a loss allowance at an amount equal to:

- 12-month expected credit loss, i.e. lifetime expected credit loss that results from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- Full lifetime expected credit loss, i.e. lifetime expected credit loss that results from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime expected credit loss is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, expected credit losses are measured at an amount equal to the 12-month expected credit loss.

Expected credit losses are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's effective interest rate.

For unutilized loan limits, the expected credit loss is the difference between the present value of the difference between the contractual cash flows that are due to the Group if the holder of the commitment draws down the loan and the cash flows that the Group expects to receive if the loan is utilized; and

For financial guarantee contracts, the expected credit loss is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group expects to receive from the holder, the client, or any other party.

The Bank measures expected credit loss on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original effective interest rate, regardless of whether it is measured on an individual basis or a collective basis.

Credit-impaired Financial Assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- The disappearance of an active market for a security because of financial difficulties; or
- The purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event. Instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Bank assesses whether debt instruments that are financial assets measured at amortized cost or fair value through other comprehensive income are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Bank considers factors such as bond yields, credit ratings, and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession, the risk of not receiving the contractual cash flows has reduced significantly, and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted, the asset is deemed credit-impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default includes unlikeliness to pay indicators and a back- stop if amounts are overdue for 90 days or more. However, in cases where the assets impairment is not recognized after 90 days overdue are supported by reasonable information.

Purchased or Originated Credit-impaired (POCI) Financial Assets

Purchased or Originated Credit-impaired financial assets are treated differently because the asset is credit-impaired at initial recognition. For these assets, the Bank recognizes all changes in lifetime expected credit loss since initial recognition as a loss allowance with any changes recognized in the statement of income. A favorable change for such assets creates an impairment gain.

Definition of Default

Critical to the determination of expected credit loss is the definition of default. The definition of default is used in measuring the amount of expected credit loss and in the determination of whether the loss allowance is based on 12-month or lifetime expected credit loss, as default is a component of the probability of default (PD) which affects both the measurement of expected credit losses and the identification of a significant increase in credit risk below.

The Bank considers the following as constituting an event of default:

- The borrower is past due more than 90 days on any material credit obligation to the Bank; or
- The borrower is unlikely to pay its credit obligations to the Bank in full.

The definition of default is appropriately tailored to reflect different characteristics of different types of assets. Overdrafts are considered as being past due once the customer has breached an advised limit or has been advised of a limit smaller than the current amount outstanding.

When assessing if the borrower is unlikely to pay its credit obligation, the Bank takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset. For example, in corporate lending, a qualitative indicator used is the breach of covenants, which is not relevant for retail lending. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. The Bank uses a variety of sources of information to assess default that is either developed internally or obtained from external sources.

Significant Increase in Credit Risk

The Bank monitors all financial assets, issued loan commitments, and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Bank measures the loss allowance based on lifetime rather than 12-month expected credit loss.

The Bank's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result, the Bank monitors all financial assets, issued loan commitments, and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Bank compares the risk of a default occurring on the financial instrument at the reporting date, based on the remaining maturity of the instrument, with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognized. In making this assessment, the Bank considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Bank's historical experience and expert credit assessment including forward-looking information.

Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

For corporate lending, forward-looking information includes the future prospects of the industries in which the Bank's counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various internal and external sources of actual and forecast economic information. For retail lending, forward-looking information includes the same economic forecasts as corporate lending with additional forecasts of local economic indicators, particularly for regions with a concentration to certain industries, as well as internally generated information of customer payment behavior.

The Bank allocates its counterparties to a relevant internal credit risk grade depending on their credit quality. The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime probability of default by comparing:
- The remaining lifetime probability of default at the reporting date; with
- The remaining lifetime probability of default for this point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure.

The PDs used are forward looking, and the Bank uses the same methodologies and data used to measure the loss allowance for expected credit loss.

The qualitative factors that indicate significant increase in credit risk are reflected in probability of default models on a timely basis. However the Bank still considers separately some qualitative factors to assess if credit risk has increased significantly. For corporate lending, there is particular focus on assets that are included on a 'watch list'. An exposure is on a watch list once there is a concern that the creditworthiness of the specific counterparty has deteriorated. For retail lending, the Bank considers the expectation of forbearance and payment holidays, credit scores and events such as unemployment, bankruptcy, divorce or death.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the probability of default will be more significant for a financial instrument with a lower initial probability of default than for a financial instrument with a higher probability of default.

As a backstop when an asset becomes more than 45 days past due, the Bank considers that a significant increase in credit risk has occurred, and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime expected credit loss.

Modification and Derecognition of Financial Assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Bank renegotiates loans to customers in financial difficulty to maximize collection and minimize the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default, or default has already happened, and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants. The Bank has an established forbearance policy, which applies for corporate and retail lending.

When a financial asset is modified, the Bank assesses whether this modification results in derecognition. In accordance with the Bank's policy, a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms, the Bank considers the following:

- Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity, covenants. If these do not clearly indicate a substantial modification, then;
- A quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest.

In the case where the financial asset is derecognized, the loss allowance for expected credit loss is re-measured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month expected credit loss except in the rare occasions where the new loan is considered to be originated- credit impaired. This applies only in the case where the fair value of the new loan is recognized at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Bank monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

When the contractual terms of a financial asset are modified, and the modification does not result in derecognition, the Bank determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- The remaining lifetime probability of default estimated based on data at initial recognition and the original contractual terms; with
- The remaining lifetime probability of default at the reporting date based on the modified terms.

For financial assets modified as part of the Bank's forbearance policy, where modification did not result in derecognition, the estimate of probability of default reflects the Bank's ability to collect the modified cash flows taking into account the Bank's previous experience of similar forbearance action, as well as various behavioral indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition, the loss allowance will continue to be measured at an amount equal to lifetime expected credit loss. The loss allowance on forborne loans will generally only be measured based on 12-month expected credit loss when there is evidence of the borrower's improved repayment behavior following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition, the Bank calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the provision for expected credit loss). Then the Bank measures expected credit loss for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Bank derecognizes a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognize the financial asset and recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognized in other comprehensive income and accumulated in equity is recognized in the statement of income, with the exception of equity investment designated as measured at fair value through other comprehensive income, where the cumulative gain/loss previously recognized in other comprehensive income is not subsequently reclassified to the statement of income.

Write-off

Financial assets are written off when the Bank has no reasonable expectations of recovering the financial asset. This is the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Bank may apply enforcement activities to financial assets written off. Recoveries resulting from the Bank's enforcement activities will result in impairment gains.

Presentation of Allowance for Expected Credit Loss in the Consolidation Statement of Financial Position

Loss allowances for expected credit loss are presented in the statement of financial position as follows:

- For financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;
- For debt instruments measured at fair value through other comprehensive income: no loss allowance is recognized in the statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the investments revaluation reserve.
- For loan commitments and financial guarantee contracts: as a provision; and
- Where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the expected credit loss on the loan commitment component separately from those on the drawn component: the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

Financial Liabilities and Equity

Debt and equity instruments issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

A financial liability is a contractual obligation to deliver cash or another financial asset, or to exchange financial assets or financial liabilities with another entity under conditions potentially unfavorable to the Bank, or a contract that will or may be settled in the Bank's own equity instruments and is a non-derivative contract for which the Bank is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Bank's own equity instruments.

Equity Instruments

Paid up Capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Bank are recognized at the proceeds received, net of direct issue costs.

Treasury Shares

Repurchase of the Bank's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in statement of income on the purchase, sale, issue or cancellation of the Bank own equity instruments.

Compound Instruments

The component parts of compound instruments (e.g. convertible notes) issued by the Bank are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. In the case there are non-closed related embedded derivatives, these are separated first with the remainder of the financial liability being recorded on an mortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through the statement of income or 'other financial liabilities'.

Financial liabilities at Fair Value Through the Statement of Income

Financial liabilities are classified as at fair value through the statement of income when the financial liability is (i) held for trading, or (ii) it is designated as at fair value through the statement of income. A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing it in the near term; or
- On initial recognition, it is part of a portfolio of identified financial instruments that the Bank manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial liability, other than a financial liability held for trading, or contingent consideration that may be paid by an acquirer as part of a business combination, may be designated as at fair value through the statement of income upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Bank's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire hybrid (combined) contract to be designated as at fair value through the statement of income.

Financial liabilities at fair value through the statement of income are stated at fair value, with any gains/losses arising on re-measurement recognized in the statement of income to the extent that they are not part of a designated hedging relationship. The net gain/loss recognized in the statement of income incorporates any interest paid on the financial liability and is included in the 'net income from other financial instruments at fair value through the statement of income line item in the statement of income.

However, for non-derivative financial liabilities designated as at fair value through the statement of income, the amount of change in the fair value of the financial liability attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in the statement of income. The remaining amount of change in the fair value of liability is recognized in the statement of income. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to the statement of income; instead, they are transferred to retained earnings upon derecognition of the financial liability.

For issued loan commitments and financial guarantee contracts designated as at fair value through the statement of income, all gains and losses are recognized in the statement of income.

In making the determination of whether recognizing changes in the liability's credit risk in other comprehensive income will create or enlarge an accounting mismatch in the statement of income, the Bank assesses whether it expects that the effects of changes in the liability's credit risk will be offset in the statement of income by a change in the fair value of another financial instrument measured at fair value through the Profit or Loss.

Other Financial Liabilities

Other financial liabilities, including deposits and borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. For details on effective interest rate, see the "net interest income section" above.

Derecognition of Financial Liabilities

The Bank derecognizes financial liabilities when, and only when, the Bank's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the statement of income.

When the Bank exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Bank accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

Derivative Financial Instruments

The Bank enters into a variety of derivative financial instruments some of which are held for trading while others are held to manage its exposure to interest rate risk; credit risk; and foreign exchange rate risk. Held derivatives include foreign exchange forward contracts, interest rate swaps, cross currency interest rate swaps, and credit default swaps.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date. The resulting gain/loss is recognized in the statement of income immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the statement of income depends on the nature of the hedge relationship. The Bank designates certain derivatives as either hedges of the fair value of recognized assets, liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions, hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations (net investment hedges).

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months, and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Embedded derivatives

Derivatives embedded in financial liabilities or other non-financial asset host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not measured at fair value through the Profit or Loss.

An embedded derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realized or settled within 12 months. Other embedded derivatives are presented as current assets or current liabilities.

Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as at fair value through the statement of income and not arising from a transfer of a financial asset, are subsequently measured at the higher of:

- The amount of the loss allowance determined in accordance with IFRS 9; and
- The amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the Bank’s revenue recognition policies.

Financial guarantee contracts not designated at fair value through the statement of income are presented as provisions in the consolidated statement of financial position, and the re-measurement is presented in other revenue.

The Bank has not designated any financial guarantee contracts as at fair value through Profit or Loss.

Commitments to Provide a Loan at a Below-Market Interest Rate

Commitments to provide a loan at a below-market interest rate are initially measured at their fair values and, if not designated as at fair value through the statement of income, are subsequently measured at the higher of:

- The amount of the loss allowance determined in accordance with IFRS 9; and
- The amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the Bank's revenue recognition policies.

Commitments to provide a loan below market rate not designated at fair value through the statement of income are presented as provisions in the consolidated statement of financial position and the re-measurement is presented in other revenue.

The Bank has not designated any commitments to provide a loan below market rate designated at fair value through the statement of income.

Derivatives

Derivatives for Trading

The fair value of derivative financial instruments held for trading (such as forward foreign exchange contracts, future interest contracts, swaps, foreign exchange options rights) is recognized in the consolidated statement of financial position, and fair value is determined at the prevailing market rates. If this information is not available, the assessment methodology is disclosed, and the change in fair value is recognized in the consolidated statement of income.

Hedge Accounting

The Bank designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations, as appropriate. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges. The Bank does not apply fair value hedge accounting of portfolio hedges of interest rate risk. In addition, the Bank does not use the exemption to continue using IAS 39 hedge accounting rules, i.e. the Bank applies IFRS 9 hedge accounting rules in full.

At the inception of the hedge relationship, the Bank documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Bank documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Bank actually hedges, and the quantity of the hedging instrument that the Bank actually uses to hedge that quantity of the hedged item.

The Bank rebalances a hedging relationship in order to comply with the hedge ratio requirements when necessary. In such cases discontinuation may apply to only part of the hedging relationship. For example, the hedge ratio might be adjusted in such a way that some of the volume of the hedged item is no longer part of a hedging relationship, hence hedge accounting is discontinued only for the volume of the hedged item that is no longer part of the hedging relationship.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Bank adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

In some hedge relationships, the Bank designates only the intrinsic value of options. In this case, the fair value change of the time value component of the option contract is deferred in other comprehensive income, over the term of the hedge, to the extent that it relates to the hedged item and is reclassified from equity to the statement of income when the hedged item does not result in the recognition of a non-financial item. The Bank's risk management policy does not include hedges of items that result in the recognition of non-financial items, because the Bank's risk exposures relate to financial items only.

The hedged items designated by the Bank are time-period related hedged items, which means that the amount of the original time value of the option that relates to the hedged item is amortized from equity to the statement of income on a rational basis (e.g. straight- line) over the term of the hedging relationship.

In some hedge relationships, the Bank excludes from the designation the forward element of forward contracts or the currency basis spread of cross currency hedging instruments. In this case, a similar treatment is applied to the one applied for the time value of options. The treatment for the forward element of a forward contract and the currency basis element is optional, and the option is applied on a hedge- by- hedge basis, unlike the treatment for the time value of the options which is mandatory. For hedge relationships with forwards, or foreign currency derivatives such as cross currency interest rate swaps, where the forward element or the currency basis spread is excluded from the designation, the Bank generally recognizes the excluded element in other comprehensive income.
The fair values of the derivative instruments used for hedging purposes and movements in the hedging reserve are determined in equity.

Fair Value Hedges
The fair value change on qualifying hedging instruments is recognized in the statement of income except when the hedging instrument hedges an equity instrument designated at fair value through other comprehensive income in which case it is recognized in other comprehensive income. The Bank has not designated fair value hedge relationships where the hedging instrument hedges an equity instrument designated at fair value through other comprehensive income.

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in the statement of income. For debt instruments measured at fair value through other comprehensive income, the carrying amount is not adjusted as it is already at fair value, but the part of the fair value gain or loss on the hedged item associated with the hedged risk is recognized in the statement of income instead of other comprehensive income. When the hedged item is an equity instrument designated at fair value through other comprehensive income, the hedging gain/loss remains in other comprehensive income to match that of the hedging instrument.

Where hedging gains/losses are recognized in the statement of income, they are recognized in the same line as the hedged item.

The Bank discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of hedged items for which the effective interest rate method is used (i.e. debt instruments measured at amortized cost or at fair value through other comprehensive income) arising from the hedged risk is amortized to the statement of income commencing no later than the date when hedge accounting is discontinued.

Cash Flow Hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognized in the cash flow hedging reserve, a separate component of other comprehensive income, limited to the cumulative change in fair value of the hedged item from inception of the hedge less any amounts recycled to the statement of income.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to the statement of income in the periods when the hedged item affects the statement of income, in the same line as the recognized hedged item. If the Bank no longer expects the transaction to occur, that amount is immediately reclassified to the statement of income.

The Bank discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised, or where the occurrence of the designated hedged forecast transaction is no longer considered to be highly probable. The discontinuation is accounted for prospectively. Any gain/loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the statement of income. When a forecast transaction is no longer expected to occur, the gain/loss accumulated in equity is reclassified and recognized immediately in the statement of income.

Hedges of Net Investments in Foreign Operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain/loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated in the foreign currency translation reserve.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to the statement of income in the same way as exchange differences relating to the foreign operation as described above.

Offsetting

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

Fiduciary Assets

Assets held in a fiduciary capacity are not recognized as assets of the Bank. Fees and commissions received for administrating such assets are recognized in the income statement. A provision is recognized for the decreases in the fair value of guaranteed fiduciary assets below their original principal amount.

Fair value

Fair value is defined as the price at which an asset is to be sold or paid to convert any of the liabilities in a structured transaction between the market participants on the measurement date, irrespective of whether the price can be realized directly or whether it is estimated using another valuation technique. When estimating the fair value of an asset or liability, the Bank takes into consideration when determining the price of any asset or liability whether market participants are required to consider these factors at the measurement date. The fair value for measurement and / or disclosure purposes in these financial statements is determined on the same basis, except for measurement procedures that are similar to fair value procedures and are not fair value such as fair value as used in IAS 36.

In addition, fair value measurements are classified for the purposes of financial reporting to level (1), (2) or (3) based on the extent to which the inputs are clear concerning the fair value measurements and the importance of inputs to the full fair value measurements. These are as follows:
Level inputs (1) inputs derived from quoted (unadjusted) prices of identical assets or liabilities in active markets that an enterprise can obtain on the measurement date;

Input level (2) inputs derived from data other than quoted prices used at level 1 and observable for assets or liabilities, either directly or indirectly;

Level inputs (3) are inputs to assets or liabilities that are not based on observable market prices.

Provisions

Provisions are recognized when the Bank has an obligation at the date of the consolidated statement of financial position arising from a past event, and the costs to settle the obligation are both probable and can be reliably measured.

End-of-Service Indemnity

Provision for end-of-service indemnity is booked by the Bank for any legal or contractual obligations at the end of the employees' services according to the accumulated service terms at the date of the consolidated statement of financial position and the Bank's internal polices.

Income Tax

Tax expense comprises of current tax and deferred taxes.

Current tax is based on taxable profits, which may differ from accounting profits published in the financial statements. Accounting profits may include non-taxable profits or tax non- deductible expenses which may be exempted in the current or subsequent financial years, or accumulatted losses that are tax acceptable or items not subject to deduction for tax purposes.

Tax is calculated based on tax rates and laws that are applicable in the country of operation.

Deferred tax is the tax expected to be paid or recovered due to temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates expected to be applied in the period when the asset is realized or the liability is settled, based on the laws enacted or substantially enacted at the date of the consolidated statement of financial position.

The carrying values of deferred tax assets are reviewed at the date of the consolidated financial statement and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Assets Seized by the Bank

Assets seized by the Bank through calling upon collateral are shown in the consolidated statement of financial position under "other assets" at the lower of their carrying value or fair value. These assets are revalued at the date of the consolidated financial statements on an individual basis, and losses from impairment are transferred directly to the consolidated income statement, while revaluation gains are not recognized as income. Reversal of previous impairment losses shall not result in a carrying value that exceeds the carrying amount that would have been determined had no impairment been charged to the consolidated income statement and loss been recognized for the asset in prior years.

Mortgaged Financial Assets

These financial assets are mortgaged to third parties with the right to sell or re-mortgage. These financial assets are revalued according to the accounting policies at the date of initial classification.

Repurchase and Resale Agreements

Assets sold with a simultaneous commitment to repurchase at a specified future date (repos) will continue to be recognized in the Bank's consolidated financial statements.This is due to the Bank's continuing control of these assets and the fact that exposure to the risks and rewards of these assets remains with the Bank. These assets continue to be evaluated in accordance with the applied accounting policies (where the buyer has the right to use these assets (sell or re-lien), they are reclassified as liened financial assets). The proceeds of the sale are recorded under loans and borrowings. The difference between the sale and the repurchase price is recognized as an interest expense over the agreement term using the effective interest rate method.

Assets purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognized in the Bank's consolidated financial statements since the Bank is not able to control these assets or the associated risks and benefits. The related payments are recognized as part of deposits at banks and financial institutions or direct credit facilities as applicable, and the difference between the purchase and resale price is recognized as interest income over the agreement term using the effective interest rate method.

Property and Equipment

Property and equipment are measured at cost less accumulated depreciation and any impairment. Property and equipment (except land) are depreciated when ready for use using the straight line method over their expected useful life.

The depreciation rates used are as follows:

	%
Buildings	2
Equipment, furniture and fixtures	5-15
Vehicles	20
Computer	10-33

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount, and the impairment is charged to the income statement.

The useful life of property and equipment is reviewed at each year end, and changes in the expected useful life are treated as changes in accounting estimates.
An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

Intangible Assets

Goodwill

- Goodwill is initially measured at cost, being the excess of the cost of acquisition or purchase of investment in an associate or subsidiary company over the Bank's share in the net fair value of the identifiable assets at the date of acquistion. Goodwill arising from the investment in subsidiaries will be separately shown under intangible assets, while that arising from the investment in associates will be shown as part of investment in associates and subsequently adjusted for any impairment losses.
- Goodwill is allocated to each of the Bank's cash-generating units, or groups of cash-generating units for the purpose of impairment testing.
- Goodwill is reviewed for impairment, at the date of the consolidated financial statements, if events or changes in circumstances indicate that the estimated recoverable amount of a cash-generating unit or group of cash-generating units is less than their carrying amount. Moreover, impairment losses are charged to the consolidated income statement.

Other Intangible Assets

- Intangible assets acquired through business combination are recorded at their fair value on that date. Other intangible assets are measured on initial recognition at cost.
- Intangible assets are classified based on the assessment of their useful life to definite and indefinite. Intangible assets with definite lives are amortized over their useful economic life, while intangible assets with indefinite useful lives are assessed for impairment at each reporting date, and impairment loss is charged to the consolidated income statement.
- Internally generated intangible assets are not capitalized and are expensed in the consolidated income statement.
- Indications of impairment of intangible assets are reviewed, and their useful economic lives are reassessed at each reporting date. Adjustments are reflected in the current and subsequent periods.
- Other intangible assets consist of computer software and are amortized using the straight -line method over 3 years.

Foreign Currencies

For the purpose of the consolidated financial statements, the results and financial position of each entity of the Group are presented in the functional currency unit of the Bank and the presentation currency of the consolidated financial statements.

The standalone financial statements of the Bank's subsidiaries are prepared. Moreover, the standalone financial statements of each entity of the Bank are presented in the functional currency in which it operates. Transactions in currencies other than the functional currency of the Bank are recorded at the rates of exchange prevailing at the dates of those transactions. At the balance sheet date, financial assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the exchange rates at the date when the fair value was determined. Non-monetary items measured at historical cost in a foreign currency are not reclassified.
Exchange differences are recognized in the consolidated statement of income in the period in which they arise except for:

- Foreign exchange differences on transactions made in order to hedge foreign exchange risk.
- Foreign exchange differences on monetary items required to / from a foreign operation that are not planned to be settled, are unlikely to be settled in the near future (and therefore, these differences form part of the net investment in the foreign operation), and are initially recognized in the comprehensive income statement and reclassified from equity to the income statement when selling or partially disposing of net investment.

In order to present the consolidated financial statements, the assets and liabilities of the Bank's foreign operations are translated at the rates of exchange prevailing at the statement of financial position date. Income is also converted to average exchange rates for the period, unless exchange rates change significantly during that period, in which case the exchange rates are used on the date of the transactions. Exchange differences arising, if any, are recognized in other consolidated statement of comprehensive income and collected in a separate line item of equity.

When foreign operations are disposed of (i.e. disposal of the Bank's entire share from foreign operations, or resulting from the loss of control of a subsidiary in foreign operations, or partial exclusion by its share in a joint arrangement, or an associate company of a foreign nature in which the share held is a financial asset), all foreign exchange differences accumulated in a separate item under equity in respect of that transaction attributable to the Bank owners are reclassified to the consolidated statement of income.

In addition, in respect of the partial disposal of a subsidiary involving foreign operations that do not result in the Bank losing control of the subsidiary, its share of the accumulated exchange differences is credited to net comprehensive income at a rate that is derecognized and not recognized in the consolidated statement of income. For all other partial liquidation (such as partial liquidation of associates or joint ventures that do not result in the Bank losing significant influence or joint control), the share of accumulated exchange differences is reclassified to the consolidated statement of income.

Leases

Leases are classified as finance leases when the terms of the lease provide for substantially all the risks and rewards of ownership of the lessee. All other leases are classified as operating leases.

As a lessor

Operating lease income is recognized using the straight-line method over the life of the lease. The initial direct costs incurred in the discussion and arrangement of the operating contract are added to the carrying amount of the leased assets and recognized in accordance with the straight-line method over the lease term.

As a Lessee

Assets acquired through leases are recognized on initial recognition at their fair value at the inception of the lease or at the present value of the minimum lease payments, whichever is lower. Financial leasing liabilities are recorded at the same value. The lease payments are distributed between the financing expenses and the amortization of the financial lease liabilities in order to achieve a fixed rate of interest on the remaining balance of the lease liabilities. Direct financing expenses are recognized in the consolidated statement of income.

Operating lease payments are recognized as an expense on a straight-line basis over the life of the lease.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash balances with central banks and balances with banks and financial institutions that mature within three months, less banks and financial institutions deposits that mature within three months and restricted balances.

3. Application of New and Amended International Financial Reporting Standards

A) Amendments that did not have a material impact on the Bank's consolidated financial statements:

The following new and revised IFRSs, which are effective for annual periods beginning on or after January 1, 2018 or later, have been adopted in the preparation of the Bank's consolidated financial statements. These new and revised IFRSs have not materially affected the amounts and disclosures in the consolidated financial statements for the year and prior years, which may have an impact on the accounting treatment of future transactions and arrangements:

New and revised standards	Amendments to new and revised IFRSs
Annual improvements to IFRSs issued between 2014 and 2016.	The improvements include amendments to IFRS 1, "Application of International Standards for the First Time" and IAS 28 "Investments in Associates and Joint Ventures (2011)". The amendments clarify that the option of investment and other similar enterprises to measure investments in associates and joint ventures at fair value through the income statement is available separately for each associate or joint venture and that the selection should be made at initial recognition. As for the option of an entity, which is not an investment property, the fair value measurement applied by the associate, and the joint venture that is an investment property shall be maintained when applying the equity method. The amendments provide a similar clarification that this option is available to each associate of an investment nature or a joint venture with an investment nature.
IFRIC 22: "Foreign currency transactions and advances".	This interpretation deals with how to determine the "date of the transaction" for determining the exchange rate to be used when initial recognition, expense or income is recognized when the item is paid or received in advance by a foreign operation that results in recognition of non-monetary assets or non-monetary liabilities. The interpretation determines that the transaction date is the date on which the non-monetary assets or non-monetary liabilities arising from the payment or receipt of payments are recognized in advance. If there are multiple payments or receipts received in advance, the interpretation requires the bank to specify the transaction date for each payment or receive the cash receipt in advance. This interpretation relates to transactions made in foreign currency or parts of such transactions in the event that: • Existence in foreign currency or in foreign currency; • An entity recognizes an asset that has been paid in advance or deferred income liabilities related to that consideration on a date prior to recognition of the relevant assets, income or expenses; • Prepaid assets or deferred income liabilities are not cash.
Amendments to IAS 40: "Investment properties".	The amendments indicate that transfers to or from real estate investments require an assessment of whether the properties meet or no longer meet the definition of real estate investments and are backed up by observable evidence of a change in use. The amendments also indicate that the cases included in the standard are not comprehensive and that a change in use can be made with respect to the properties under construction (i.e. the change in use is not limited to completed properties).

New and revised standards	Amendments to new and revised IFRSs
Amendments to IFRS 2 "Share-based Payment".	These amendments relate to the classification and measurement of payment transactions on an equity basis. These amendments clarify the following: When estimating the fair value of a payment based on shares paid in cash, accounting for the effects of the accrual and non-accrual provisions should be accounted for by the same approach to payments based on shares paid from owners' equity. If the tax code / laws require the company to keep a certain number of equity instruments equal to the monetary value of the employee's tax liability to meet his tax obligations and then to the tax authority (usually cash), that is, the share-based payment arrangement has the "feature of net settlement", then the entire arrangement should be classified as a payment of equity, provided that the share-based payment could have been classified as a payment from equity even if it did not include the net settlement feature. The accounting treatment of the payment adjustment on the equity basis that modifies the transaction from cash payment to payment of equity shall be made as follows: A. Derecognizing the original obligation; B. Recognizing the share-based payment at the date of adjusting the fair value of the granted equity instrument to the extent that the services have been performed up to the date of the adjustment; C. Recognizing any difference between the present value of the liability at the date of the adjustment and the amount recognized in equity in the statement of income.
Amendments to IFRS 4: "Insurance contracts".	These amendments relate to the difference between the effective date of IFRS (9) and the new standard for insurance contracts.
IFRS 15 Revenue from Contracts with Customers.	IFRS 15 was issued in May 2014, which established a comprehensive model for enterprises to be used in accounting for revenue generated from contracts with customers. This standard will replace current income recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The basic principle of this standard is that an entity must recognize revenue to indicate the transfer of goods or services to the customer in an amount that reflects the consideration that the entity expects to receive for such goods or services. In particular, the standard provides a five-step approach to revenue recognition: Step 1: Determining the contract (s) concluded with the client. Step 2: Defining performance obligations in the contract. Step 3: Determining the selling price. Step 4: Assigning a sale price to the performance obligations in the contract. Step 5: Recognizing revenue when the entity meets (or fulfills) an obligation to perform. Under this Standard, an entity recognizes revenue when (or at the time) it fulfills its performance obligation, that is, when control over the goods or services underlying the performance obligation is transferred to the customer. More mandatory guidelines have been added to the Standard to deal with specific scenarios. In addition, the standard requires comprehensive disclosures.
Amendments to IFRS 15 Revenue from Contracts with Customers.	These amendments relate to the clarification of three aspects of the standard (determination of performance obligations, client versus agent considerations, and licensing) and some transitional exemption for modified contracts and completed contracts.

B) Amendments Affecting the Bank's Consolidated Financial Statements:

IFRS (9) "Financial Instruments"

IFRS (9) was issued in November 2009, and new requirements for the classification and measurement of financial assets were introduced. Subsequently, the Standard was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and derecognition of financial liabilities. The Standard was amended in November 2013 to include new requirements for general hedge accounting. An amended version of the Standard was issued in July 2014 to include: (a) the requirements for impairment of financial assets; and (b) limited adjustments to the classification and measurement requirements by introducing the "fair value through other comprehensive income" category of some simple debt instruments.

IFRS (9) "Financial Instruments" issued by the International Accounting Standards Board (IASB) was adopted in July 2014. The initial date of implementation of this standard was December 1, 2018. The application of IFRS (9) has led to changes in the accounting policies and amendments to the amounts previously recognized in the consolidated financial statements. Moreover, the Bank has early adopted IFRS 9 (first phase) of 2009, regarding the classification and measurement of financial assets since the beginning of 2010.

As required by the transitional provisions of IFRS (9), the Bank has not restated the comparative figures. Any changes in the carrying amounts of financial assets and liabilities have been recognized on the date of transition in the opening balances of retained earnings and non-controlling interests for the current period. The Bank has also chosen to continue to apply the accounting requirements of IAS (39) "Financial Instruments: Recognition and Measurement", on the application of IFRS (9).

IFRS (9) has resulted in changes in the accounting policies for the identification, classification, and measurement of financial assets and liabilities and the impairment in value of financial assets. IFRS (9) also modifies other standards that address financial instruments such as IFRS (7) "Financial Instruments: Disclosures".

The final version of IFRS (9) contains the accounting requirements for financial instruments and supersedes IAS (39) "Recognition and Measurement". The new version of the standard includes the following requirements:

Classification and Measurement:

Financial assets are classified based on the business model and contractual cash flow characteristics. The 2014 version provided a new classification of certain debt instruments that could be classified as "financial assets at fair value through other comprehensive income". The financial liabilities are classified similarly to IAS 39, but there are differences in the requirements applied to the measurement of credit risk relating to the entity.

Impairment:

The 2014 version provided the "expected credit loss" model to measure the impairment loss of financial assets, and therefore, it is not necessary to increase the credit risk before recognizing the credit loss.

Hedge accounting:

The 2014 version provided a new model for hedge accounting designed to be more appropriate with how an entity manages risk when exposed to financial and non-financial hedging risks.

Derecognition:

The requirements for derecognition of financial assets and financial liabilities have been followed in accordance with International Accounting Standard (IAS) (39).

The details of the accounting policies adopted by the Bank and the significant estimates used by its management of IFRS 9 as set out and applied in the current period are stated in notes 2 and 45. The following are the disclosures regarding the impact of the adoption of IFRS 9 on the Bank:

	Balance as of December 31, 2017	Reclassified Amounts	Excpected Credit Loss*	Balance as of January 1, 2018 after Implementation
	JD	JD	JD	JD
Balances and deposits at banks and financial institutions	**532,670,015**	-	(380,512)	**532,289,503**
Financial assets at fair value through the statement of income	**21,399,878**	(17,632,667)	-	**3,767,211**
Transferred to financial assets at fair value through other comprehensive income	-	-	-	-
Debt instruments	-	-	-	-
Equity instuments	-	(17,632,667)	-	-
Financial assets at fair value through other comprehensive income	**1,983,995**	386,779,692	(311,901)	**388,451,786**
Transferred from financial assets at fair value through the statement of income	-	17,632,667	-	-
Transferred from financial assets at amortized cost	-	369,147,025	-	-
Direct credit facilities:	**4,212,637,422**	-	(68,117,445)	**4,144,519,977**
Debt instruments in financial assets at amortized cost portfolio	**1,781,141,993**	(368,004,996)	(176,625)	**1,412,960,372**
Transferred to financial assets at fair value through other comprehensive income portfolio	-	(368,004,996)	-	-
Deferred tax assets	**38,384,838**	-	21,401,337	**59,786,175**
Excpected credit loss for indirect facilities under other liabilities: **				
Letter of guarantees	-	-	(4,260,483)	**(4,260,483)**
Letter of credits	-	-	(3,012,044)	**(3,012,044)**
Un-utilized ceilings	-	-	(433,291)	**(433,291)**
Profit for the year	-	1,142,029	-	**1,142,029**
Retained earnings	**273,604,841**	-	(55,220,989)	**218,383,852**
Non-controlling interest	**53,070,195**	-	(69,975)	**53,000,220**

- The details of the accounting policies adopted by the Bank and the significant estimates used by the Bank's management of IFRS (9) as set out and applied in the current period are set out in Notes (2) and (45). The disclosures regarding the impact of IFRS (9) on the Bank are as follows:

* Expected credit loss is calculated for items after classification.

** As of January 1, 2018 contingent liabilities include balances of guarantees with the amount of JD 226.4 million, letter of credit with the amount of JD 395.2 million and un-utilized ceilings with the amount of JD 99.9 million.

- The balance of provision for expected credit loss related to off-balance sheet contingent liabilities has been classified in other liabilities.

The following represents the effect of the implementation of IFRS (9) on the provisions opening balances:

	Balance as of December 31, 2017	Expected Credit Loss	Effect of the reclassification of Financial Assets	Balance as of January 1, 2018
	JD	JD	JD	JD
Balances and deposits at banks and financial institutions	-	380,512	-	**380,512**
Direct credit facilities	**184,254,307**	68,117,445	-	**252,371,752**
Debt instruments within financial assets at amortized cost portfolio	**6,234,632**	176,625	(1,957,132)	**4,454,125**
Debt insturments within financial assets at fair value through other comprehensive income portfolio	-	311,901	-	**311,901**
Letter of guarantees	**4,254,000**	4,260,483	-	**8,514,483**
Letter of credit	-	3,012,044	-	**3,012,044**
Un-utilized ceillings	-	433,291	-	**433,291**

The following represents the provision for expected credit loss for the year as of December 31, 2018:

	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balances at banks and financial institutions	208,080	-	-	-	-	**208,080**
Deposits at banks and financial institutions	207,759	-	-	-	-	**207,759**
Direct credit facilities	17,955,394	7,921,725	77,449,224	12,320,718	176,185,289	**291,832,350**
Debt instruments within financial assets at fair value at amortized cost	123,069	-	-	-	3,000,000	**3,123,069**
Debt instruments within financial assets at fair value through other comprehensive income	214,695	-	87,536	-	-	**302,231**
Letter of guarantees	1,187,489	635,572	4,697,870	18,669	15,737,881	**22,277,481**
Letter of credits	2,182,011	1,741,970	132,586	45,713	-	**4,102,280**
Acceptances	453,959	56,143	16,400	19,849	-	**546,351**

C) New and Revised IFRSs Issued and Not Yet Effective:

The Bank has not adopted the following new and amended IFRSs issued but not yet effective as of the date of the consolidated financial statements. The details are as follows:

New and revised standards	Amendments to new and revised IFRSs
Annual improvements to IFRSs issued between 2015 and 2017 **(Effective January 1, 2019)**	Improvements include amendments to IFRS (3) Business Combinations, (11) Joint Arrangements, International Accounting Standards (12), Income Taxes and (23) Borrowing Costs.
IFRIC (23) Uncertainty on the Treatment of Income Tax **(Effective January 1, 2019).**	The interpretation clarifies the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax benefits and tax rates when there is uncertainty about the treatment of income tax under IAS (12) and specifically addresses: • whether the tax treatment should be considered in aggregate; • assumptions regarding the procedures for the examination of tax authorities; • determination of taxable profit (tax loss), tax basis, unused tax losses, unused tax breaks, and tax rates; • The impact of changes in facts and circumstances.
Amendments to IFRS 9 Financial Instruments. **(Effective January 1, 2019).**	These amendments relate to the advantages of prepayment with negative compensation, where the current requirements of IFRS (9) regarding termination rights have been amended to allow for the measurement at amortized cost (or on the business model at fair value through other comprehensive income) status of negative compensation payments.
Amendments to IAS (28) "Investment in Associates and Joint Ventures". **(Effective January 1, 2019).**	These amendments relate to long-term shares in allied enterprises and joint ventures. These amendments clarify that an entity applies IFRS (9) "Financial Instruments" to long-term interests in an associate or joint venture that forms part of the net investment in an associate or joint venture if the equity method has not been applied to it.
Amendments to IAS 19 Employee Benefits. **(Effective January 1, 2019).**	These amendments relate to adjustments to plans, reductions, or settlements.
Amendments to IAS 1 Presentation of Financial Statements. **(Effective January 2020).**	These amendments relate to the definition of materiality.

Amendments to IFRS 3 Business Combinations **(Effective January 2020.)**	These amendments clarify the definition of business as the International Accounting Standards Board published the Revised Financial Reporting Framework. This includes revised definitions of assets and liabilities as well as new guidance on measurement, derecognition, presentation, and disclosure. In addition to the amended conceptual framework, the IASB issued amendments to the guidelines on the conceptual framework in the IFRS Standards, which contain amendments to IFRS (2), (3), (6) and (14) and IAS (1), (34), (37) and (38)) and IFRIC (12), Interpretation (19), Interpretations 20 and 22 and Interpretations of the Standing Committee for the Interpretation of Standards Number (32) in order to update those statements with regard to references and quotations from the framework or to refer to a different version of the conceptual framework.
IFRS 17 "Insurance Contracts" **(Effective January 1, 2022.)**	Provides a more consistent measurement and presentation approach to all insurance contracts. These requirements are aimed at achieving a consistent, principled accounting objective for insurance contracts. IFRS (17) replaces IFRS (4) Insurance Contracts. IFRS (17) requires measurement of insurance liabilities at present value to meet.
Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures (2011)" **(The start date has been postponed indefinitely, and the application is still permitted)**	These amendments relate to the treatment of the sale or contribution of the assets of the investor in the associate or joint venture.

Management expects to apply these new standards, interpretations, and amendments to the consolidated financial statements of the Bank when they are applicable. Moreover, the adoption of these new standards, interpretations, and amendments may have no material impact on the Bank's consolidated financial statements in the initial application period except for the effect of the adoption of IFRS (16), as shown below:

Effect of Application of IFRS 16 "Leases"

The Standard provides a comprehensive model for determining and treating lease arrangements in the consolidated financial statements of both lessors and lessees. It will also replace IAS (17) "Leases" and related interpretations when they become effective for financial periods beginning on or after January 1, 2019.
As permitted by the transitional provisions of IFRS (16), the Bank has not restated the comparative figures. Any changes in the carrying amounts of assets and liabilities have been recognized on the transition date in the opening balances of the related balances.

There is no material difference between the accounting treatment in the lessor's books and IFRS (16) and IAS (17).

The change in the definition of the lease relates mainly to the concept of control. IFRS (16) distinguishes between leases and service contracts based on whether the customer controls the use of a specific asset, and the control is present if the customer has:

- The right to a substantial degree of all economic benefits arising from the use of specific assets; and
- The right to direct the use of this asset.

Effect on accounting treatment in the lessee's records

Operating leases

Under IAS 16, the accounting treatment of leases previously classified as operating leases in accordance with IAS 17 has been changed. They used to be classified as off-balance sheet items in the consolidated statement of financial position.

In the initial application of IFRS 16 (except as referred to below), the Bank will undertake the following for all leases:

A- Recognition of "right of use" assets and lease commitments in the consolidated statement of financial position, initially measured on the basis of the present value of future cash flows paid.
B- Recognition of the depreciation of "right of use" assets and interest on lease commitments in the consolidated statement of income.
C- Separation of the total amount of cash paid into a principal portion (shown under financing activities) and interest (presented under operating activities) in the consolidated statement of cash flows.

For short-term leases (12 months or less) and low-value asset leases (such as personal computers and office furniture), the Bank will choose to recognize rental expenses on a straight-line basis as permitted by IFRS (16).

On December 31, 2018, the Bank had non-cancellable operating lease commitments of JD 4,314,858.

Based on the preliminary estimates of the Bank's management, there are operating leases of JD 4,314,858 except for short-term operating leases. Accordingly, the Bank will record an asset usage value of JD 29,895,045 and corresponding operating lease commitments of JD 29,895,045. The impact on the income statement represents a decrease in rent expense of JD 4,314,858, an increase in depreciation expense of JD 3,490,503, and an increase in interest expense of JD 1,523,490.

The leases provision prescribed by IAS (17) will be derecognized.
Recognition of lease obligation incentives previously recognized in respect of operating leases will be derecognized, and the amount will be factored into the measurement of the leasehold assets and liabilities.

Under IAS (17), all lease payments relating to operating leases are recognized as part of the cash flows from operating activities. The effect of the changes under IFRS (16) will be to reduce cash generated from operating activities and increase the net cash used in financing activities with the same amount.

Finance Leases

The main differences between IFRS 16 and IAS 17 with respect to assets formerly held under a finance lease is the measurement of the residual value guarantees provided by the lessee to the lessor. IFRS 16 requires that the Company recognize as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. On initial application, the Company will present the related asset previously included in the financial statements within the line item for right-of-use assets, and the lease liability, previously presented within borrowing, will be presented in a separate line for lease liabilities.

Based on analysis of the Bank's finance leases as at December 31, 2018 in light of the facts and circumstances existing at that date, the Bank's Board of Directors and Management deem that this change will not affect the amounts recognized in the Bank's financial statements.

Impact on Lessor Accounting

Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, IFRS 16 has changed and expanded the disclosures required, in particular, regarding how a lessor manages the risks arising from its residual interest in leased assets.

Under IFRS 16, an intermediate lessor accounts for the head lease and the sublease as two separate contracts.

The intermediate lessor is required to classify the sublease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under IAS 17).

Because of this change, the Bank will reclassify certain sublease agreements as finance leases. As required by IFRS 9, an allowance for expected credit losses will be recognized on the finance lease receivables. The leased assets will be derecognized and finance lease asset receivables recognized. This change in accounting will change the timing of recognition of the related revenue (recognized in finance income).

The Bank's management expects that IFRS 16 will be adopted in the Bank's consolidated financial statements in the period starting on January 1, 2019.

4. Significant Accounting Judgments and key Sources of Uncertainty Estimates

Preparation of the consolidated financial statements 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.

Judgments, estimates, and assumptions are reviewed periodically. Moreover, the effect of the change in estimates is recognized in the financial period in which the change occurs if the change affects only the financial period. On the other hand, the effect of the change in estimates is recognized in the financial period in which the change occurs and in future periods if the change affects the financial period and future financial periods.

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

Impairment of property acquired
Impairment in value of properties acquired is recognized based on recent real estate valuations by qualified independent evaluators for calculating the asset impairment, which is reviewed periodically.

Productive lifespan of tangible assets and intangible assets
The Bank's management periodically recalculates the useful lives of tangible assets and intangible assets for calculating annual depreciation and amortization based on the general condition of those assets and estimated future useful lives. The impairment loss is recognized in the consolidated statement of income for the year.

Income tax
The fiscal year is charged with the income tax expense in accordance with the accounting regulations, laws and standards. Moreover, deferred tax assets and liabilities and the required tax provision are recognized.

Litigation Provision
A provision is made to meet any potential legal liabilities based on a legal study prepared by the Bank's legal counsel. This study identifies potential future risks and is reviewed periodically.

Provision for end-of-service indemnity
The provision for end-of-service indemnity, representing the Bank's obligations to employees, is calculated in accordance with the Bank's internal regulations.

Assets and liabilities at cost
Management periodically reviews the assets and liabilities at cost for estimating any impairment in value, which is recognized in the consolidated statement of income for the year.

Provision for credit losses
Management is required to use significant judgments and estimates to estimate the amounts and timing of future cash flows and assess the risks of a significant increase in credit risks for financial assets after initial recognition and future measurement information for the expected credit losses. The most important policies and estimates used by the Bank's management are detailed in note (45).

Evaluation of business model
The classification and measurement of financial assets depend on the results of the principal and interest payments test on the principal outstanding and the business model test. The Bank defines a business model at a level that reflects how the groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment that reflects all relevant evidence, including how to assess the performance of the assets and measure their performance, the risks that affect the performance of assets and how they are managed, and how asset managers are compensated. The Bank monitors financial assets measured at amortized cost or fair value through other comprehensive income and derecognized before maturity to understand the reason for derecognition and whether the reasons are consistent with the objective of the business held. In this respect, control is part of the Group's continuous assessment of whether the business model under which the remaining financial assets are retained is appropriate, and whether it is inappropriate if there is a change in the business model, and therefore, a future change is made in the classification of those assets.

Significant increase in credit risk

The expected credit loss is measured as an allowance equivalent to the expected credit loss of 12 months for the assets of the first stage, or the credit loss over the life of the assets of the second or third stage. The asset moves to the second stage if credit risk increases significantly since initial recognition. IFRS (9) does not specify what constitutes a significant increase in credit risk. In assessing whether the credit risk of any asset has increased significantly, the Bank takes into account reasonable and reliable quantitative and qualitative information. The estimates used by the Bank's management concerning the significant change in credit risk that result in a change in the classification within the three stages (1, 2 and 3) are shown in details in note (45).

Establish groups of assets with similar credit risk characteristics

When the expected credit losses are measured on a collective basis, the financial instruments are grouped on the basis of common risk characteristics (e.g. instrument type, credit risk, collateral type, initial recognition date, remaining maturity period, industry, borrower's geographic location, etc.). The Bank monitors the appropriateness of credit risk characteristics on an ongoing basis to assess whether they are still similar. This is required to ensure that, in the event of a change in the credit risk characteristics, the asset is properly reallocated. This may result in the creation of new portfolios or the transfer of assets to an existing portfolio that better reflects the credit risk characteristics of that group of assets.

Re-division of portfolios and movements between portfolios

The re-division of portfolios and movements between portfolios is more common when credit risk increases significantly (or when such a large increase is reflected). Therefore, assets are transferred from expected credit losses of between (12) months to another portfolio or vice versa. However, this may happen within the portfolios that continue to be measured on the same basis as expected credit losses for a 12-month period or a lifetime, but the amount of the expected credit loss changes due to the varying credit risk of portfolios.

Models and assumptions used

The Bank uses various models and assumptions in measuring the fair value of financial assets as well as in assessing the expected credit loss described in note (45). The judgment is applied when determining the best models for each type of asset as well as for the assumptions used in those models, which include assumptions regarding the main drivers of credit risk.

a. Classification and measurement of financial assets and liabilities

The Bank classifies financial instruments or components of financial assets at initial recognition either as a financial asset or a financial liability, or as an equity instrument in accordance with the substance of the contractual agreements and the definition of the instrument. The reclassification of a financial instrument is subject to the substance of the financial statements and not to its legal form.

The Bank shall determine the classification at initial recognition and reassess such determination, if possible and appropriate, at each date of the consolidated statement of financial position.

When measuring financial assets and liabilities, certain assets and liabilities of the Bank are re-measured at fair value for financial reporting purposes. In assessing the fair value of any assets or liabilities, the Bank uses available observable market data. In the absence of Tier 1 inputs, the Bank conducts evaluations using professionally qualified independent evaluators. The Bank works closely with qualified external evaluators to develop appropriate valuation and data valuation techniques.

b. Fair value measurement

If the fair values of financial assets and financial liabilities included in the consolidated statement of financial position cannot be obtained from active markets, these fair values are determined using a range of valuation techniques involving the use of accounting models. If possible, the entered data for those models will be extracted from the market data. In the absence of such market data, fair values are determined by making judgments. These provisions include liquidity considerations and model data such as derivative volatility, longer-term discount rates, pre-payment ratios and default rates on asset-backed securities. Management believes that the valuation techniques used are appropriate to determine the fair value of financial instruments.

c. Derivative financial instruments

The fair values of derivative financial instruments measured at fair value are generally obtained by reference to quoted market prices, discounted cash flow models and, where appropriate, recognized pricing models. In the absence of prices, fair values are determined using valuation techniques that reflect observable market data. These techniques include comparison with similar instruments at observable market prices, discounted cash flow analysis, pricing option models and other valuation techniques commonly used by market participants. The main factors that Management takes into consideration when applying the model are:

- The expected timing and probability of future cash flows on the instrument where such cash flows are generally subject to the terms of the instrument, although Management's judgment may be required where the counterparty's ability to repay the instrument in accordance with contractual terms is in doubt; and
- An appropriate discount rate for the instrument. Management determines the instrument discount rate at a rate higher than the non-risk rate. In assessing the instrument by reference to comparative instruments, Management considers the maturity, structure, and degree of classification of the instrument based on the system in which the existing position is compared. When evaluating tools on a model basis using the fair value of the main components, Management also considers the need to make adjustments for a number of factors, such as bid differences, credit status, portfolio service costs, and uncertainty about the model.

Key Sources of Uncertainty Estimates

The principal estimates used by Management in applying the Bank's accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Determining the number and relative weight of scenarios, the outlook for each type of product / market, and the identification of future information relevant to each scenario.

When measuring the expected credit loss, the Bank uses reasonable and supported future information based on the assumptions of the future movement of the various economic drivers and the manner in which they affect each other.

Probability of default

The potential for default is a key input in measuring the expected credit loss. The probability of default is an estimate of the probability of default over a given period of time, which includes the calculation of historical data, assumptions, and expectations relating to future circumstances.

Loss given default

Loss given default is an estimate of the loss arising from default. It is based on the difference between the contractual cash flows due and those that the financer expects to collect, taking into account cash flows from collateral and integrated credit adjustments.

Fair value measurement and valuation procedures

When estimating the fair value of financial assets and financial liabilities, the Bank uses available observable market data. In the absence of level (1) inputs, the Bank conducts evaluations using appropriate valuation models to determine the fair value of financial instruments.

5. Cash and Balances at Central Banks

The details of this item are as follows:

	December 31,	
	2018	2017
	JD	JD
Cash in treasury	143,277,306	161,142,524
Balances at central banks:		
Current accounts and demand deposits	519,860,314	643,733,787
Term and notice deposits	72,855,373	36,124,920
Statutory cash reserve	346,424,713	325,145,537
Certificates of deposit	100,000,000	83,000,000
Total Balances at Central Banks	1,039,140,400	1,088,004,244
Total	**1,182,417,706**	**1,249,146,768**

* There are no certificate of deposits purchased from the Central Bank of Jordan maturing within a period of three months as of December 31, 2018 & 2017.

- Except for the statutory cash reserve, there are no restricted balances as of December 31, 2018 and 2017.

- The movement on cash and balances at central banks during the the year was as follows:

	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
	JD	JD	JD	JD
Balance - beginning of the year	1,088,004,244	-	-	**1,088,004,244**
New balances during the year	1,039,140,400	-	-	**1,039,140,400**
Paid balances	(1,088,004,244)	-	-	**(1,088,004,244)**
Balance - End of the Year	**1,039,140,400**	**-**	**-**	**1,039,140,400**

- There are no transfers between stages (1, 2 and 3) or written-off balances during the year ended December 31, 2018.

6. Balances at Banks and Financial Institutions - Net

The details of this item are as follows:

Description	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	December 31,		December 31,		December 31,	
	2018	2017	2018	2017	2018	2017
	JD	JD	JD	JD	JD	JD
Current accounts and demand deposits	29,688,117	18,209,125	176,712,647	124,511,381	**206,400,764**	**142,720,506**
Deposits maturing within or less than 3 months	103,018,529	69,583,626	243,225,179	282,243,107	**346,243,708**	**351,826,733**
Total	**132,706,646**	**87,792,751**	**419,937,826**	**406,754,488**	**552,644,472**	**494,547,239**
Provision for expected credit loss	(49,104)	-	(158,976)	-	**(208,080)**	**-**
Net	**132,657,542**	**87,792,751**	**419,778,850**	**406,754,488**	**552,436,392**	**494,547,239**

- Non-interest bearing balances at banks and financial institutions amounted to JD 33,353,230 as of December 31, 2018 (JD 29,313,836 as of December 31, 2017).

- There were no restricted balances as of December 31, 2018 and 2017.

- The movement on balances at banks and financial institutions for the the year ended December 31, 2018 was as follows:

	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
	JD	JD	JD	JD
Balance - beginning of the year	494,547,239	-	-	**494,547,239**
New balances during the year	552,644,472	-	-	**552,644,472**
Paid balances during the year	(494,547,239)	-	-	**(494,547,239)**
Balance - End of the Year	**552,644,472**	**-**	**-**	**552,644,472**

- There are no transfers between stages (1, 2 and 3) or written-off balances during the year ended December 31, 2018.

- The following represents the movement on the provision for expected credit lossess for deposits balances at banks and financial institutions during the year ended December 31, 2018:

	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
	JD	JD	JD	JD
Balance – beginning of the year	-	-	-	-
Effect of implementing IFRS (9) – net after tax - Note (3)	-	-	-	-
Adjusted balance after implementing IFRS (9)	-	-	-	-
Impairment on new balances and deposits during the year	208,080	-	-	**208,080**
Reversed from impairment on new balances and recovered deposits during the year	-	-	-	-
Transferred from general provision	-	-	-	-
Balance – End of the Year	**208,080**	**-**	**-**	**208,080**

7. Deposits at Banks and Financial Institutions - Net

The details of this item are as follows:

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	December 31,		December 31,		December 31,	
	2018	2017	2018	2017	2018	2017
	JD	JD	JD	JD	JD	JD
Deposits mature during the period:						
From 3 months to 6 months	5,000,000	5,000,000	5,664,268	2,059,246	**10,664,268**	**7,059,246**
From 6 months to 9 months	25,000,000	15,000,000	-	7,128,087	**25,000,000**	**22,128,087**
From 9 months to 12 months	-	-	2,122,341	8,935,443	**2,122,341**	**8,935,443**
Total	**30,000,000**	**20,000,000**	**7,786,609**	**18,122,776**	**37,786,609**	**38,122,776**
Provision for expected credit losses	(28,112)	-	(179,647)	-	**(207,759)**	**-**
Net	**29,971,888**	**20,000,000**	**7,606,962**	**18,122,776**	**37,578,850**	**38,122,776**

- There were no restricted deposits as of December 31, 2018 and 2017.

- The following represents the movement on deposits at banks and financial institutions for the the year ended December 31, 2018:

	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
	JD	JD	JD	JD
Balance – beginning of the year	**38,122,776**	**-**	**-**	**38,122,776**
New deposits during the year	37,786,609	-	-	**37,786,609**
Paid deposits during the year	(38,122,776)	-	-	**(38,122,776)**
Balance - End of the Year	**37,786,609**	**-**	**-**	**37,786,609**

- There are no transfers between stages (1, 2 and 3) or written-off balances during the year ended December 31, 2018.

- The following represents the movement on the provision for expected credit lossess for deposits balances at banks and financial institutions during the year ended December 31, 2018:

	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
	JD	JD	JD	JD
Balance – beginning of the year	-	-	-	**-**
Effect of implementing IFRS (9) – net after tax - Note (3)	380,512	-	-	**380,512**
Adjusted balance after implementing IFRS (9)	380,512	-	-	**380,512**
Impairment on new deposits during the year	-	-	-	**-**
Reversed from impairment on new deposits	(195,740)	-	-	**(195,740)**
Transferred from general provision	22,987	-	-	**22,987**
Balance – End of the Year	**207,759**	**-**	**-**	**207,759**

8. Financial Assets at Fair Value through Profit or Loss

The details of this item are as follows:

	December 31,	
	2018	2017
	JD	JD
Quoted Financial Assets:		
Quoted shares in active markets	3,036,343	5,393,714
Total	**3,036,343**	**5,393,714**
Unquoted Financial Assets:		
Government bonds and guarantees	66,271	240,688
Unquoted shares in active markets - Note (9)	**632,797**	**15,765,476**
Total	**699,068**	**16,006,164**
	3,735,411	**21,399,878**
Government bonds and guarantees:		
With fixed return	66,271	240,688
Total	**66,271**	**240,688**

9. Financial Assets at Fair Value through Other Comprehensive Income

The details of this item are as follows:

	December 31,	
	2018	2017
	JD	JD
Quoted shares	2,500,000	-
Unquoted shares *	19,476,065	1,983,995
Total Shares	21,976,065	1,983,995
Jordanian Treasury Bonds	151,471,794	-
Foreign governments bills and bonds	82,953,356	-
Corporate bonds	115,904,378	-
Total Bonds *	350,329,528	-
Less: Provision of expected credit loss	(302,231)	-
Total Bonds - Net	350,027,297	-
Total	**372,003,362**	**1,983,995**

- Bonds mature in several payments the last of which matures in 2026.
- Interest rates on bonds ranges from 1.75% to 8.14%.

* The Bank's management has amended the business model at the end of the year 2017, where corporate shares of JD 17,632,667 have been reclassified from the portfolio of financial assets at fair value through profit or loss as of January 1, 2018. Moreover, bonds of JD 369,147,025 as of January 1, 2018 have been reclassied from the portfolio of financial assets at amortized cost to financial assets at fair value through other comprehensive income. The said reclassifications have been made in compliance with the Central Bank of Jordan's Circular No. 10/1/1359 issued on January 25, 2018.

- The movement on financial assets at fair value through other comprehensive income during the year was as follow:

	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
	JD	JD	JD	JD
Fair value – Beginning of the year	-	-	-	-
Transfers from financial assets at fair value				
through amortized cost - Note (11)	361,492,491	6,962,678	691,856	**369,147,025**
Adjusted beginning balance for the year	361,492,491	6,962,678	691,856	**369,147,025**
New investments during the year	93,418,668	-	-	**93,418,668**
Matured investments	(108,662,880)	-	(691,856)	**(109,354,736)**
Change in fair value during the year	(1,225,827)	(312,059)	-	**(1,537,886)**
Transferred to stage (2)	(4,216,980)	4,216,980	-	**-**
Adjustments due to change in exchange rates	(1,281,567)	(61,976)	-	**(1,343,543)**
Balance – End of the Year	**339,523,905**	**10,805,623**	**-**	**350,329,528**

- The following represents the movement on the provision for expected credit lossess during the year ended December 31, 2018:

	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
	JD	JD	JD	JD
Balance – beginning of the year	-	-	-	**-**
Effect of implementing IFRS (9) – net after tax - Note (3)	183,131	128,770	-	**311,901**
Adjusted beginning balance for the year	183,131	128,770	-	**311,901**
Transferred from credit facilities provision	170,477	-	-	**170,477**
Expected credit losses for new investment during the year	4,541	-	-	**4,541**
Expected credit losses for matured investment	(125,123)	(48,208)	-	**(173,331)**
Transferred to stage 2	(30,174)	30,174	-	**-**
Effect on provision due to change between stages for the end of year	-	-	-	**-**
Adjustments due to change in exchange rates	11,843	(23,200)	-	**(11,357)**
Balance – End of the Year	**214,695**	**87,536**	**-**	**302,231**

- The following represents the movement on financial assets at fair value through other comprehensive income for shares during the year:

	As of December 31, 2018
	JD
Fair value as of beginning of the year	1,983,995
Transferred from financial assets at fair valuethrough profit or loss - Note (8)	17,632,667
Adjusted beginning balance for the year	19,616,662
New investments during the year	2,803,083
Investments matured during the year	(443,680)
Balance – End of the Year	**21,976,065**

10. Direct Credit Facilities - Net

The details of this item are as follows:

	December 31,	
	2018	2017
	JD	JD
Individuals (retail):		
Overdraft accounts	12,784,648	11,758,289
Loans and discounted bills *	740,669,106	730,149,153
Credit cards	15,430,232	13,503,865
Real estate loans	**1,216,608,027**	**1,205,968,385**
Includes Housing loans	803,108,141	801,919,874
Companies:		
Large		
Overdraft accounts	464,535,898	346,372,366
Loans and discounted bills *	997,444,052	979,023,122
Small and Medium		
Overdraft accounts	106,354,098	64,278,611
Loans and discounted bills *	199,572,837	294,662,054
Government and public sector	**892,185,795**	**843,684,942**
Total	**4,645,584,693**	**4,489,400,787**
Less: Provision of expected credit losses	(291,832,350)	(184,254,307)
Interest in suspense	(98,397,597)	(92,509,058)
Net Direct Credit Facilities	**4,255,354,746**	**4,212,637,422**

* Net after deducting interest and commission received in advance of JD 34,117,345 as of December 31, 2018.

- Non-performing credit facilities amounted to JD 290,870,587, which is equivalent to 6.26% of total direct credit facilities as of December 31, 2018 (JD 268,232,853 which is equivalent to 5.97% of total direct credit facilities as of December 31, 2017).
- Non- performing credit facilities after deducting interest and commissions in suspense amounted to JD 193,430,468, which is equivalent to 4,25% of the total direct credit facilities balance after deducting interest and commission in suspense as of December 31, 2018 (JD 177,000,360, which is equivalent to 4.02% of the total credit facilities balance after deducting interest and commission in suspense as of December 31, 2017).
- Non-performing credit facilities transferred off-the consolidated statement of financial position amounted to JD 20,922,474 as of December 31, 2018 (JD 1,080,189 as of December 31, 2017). Moreover, these credit facilities are fully covered by the suspended interest and provisions.
- Direct credit facilities granted to and guaranteed by the Government of the Hashemite Kingdom of Jordan amounted to JD 698,176,992 which is equivalent to 15.03% of total direct credit facilities as of December 31,2018 (JD 665,694,006 which is equivalent to 14.83% as of December 31,2017).

The movement on direct credit facilities during the year was as follow:

	Stage (1)		Stage (2)			
	Individual	collective	Individual	collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	**2,283,673,714**	**1,608,463,610**	**266,127,891**	**49,692,922**	**281,442,652**	**4,489,400,789**
New credit facilities during the year	372,897,339	380,147,208	32,438,656	18,873,729	9,825,366	**814,182,298**
Paid credit facilities during the year	(185,781,213)	(241,598,310)	(9,497,932)	(3,821,842)	(26,651,490)	**(467,350,787)**
Transferred to stage (1)	24,323,396	22,897,754	(24,269,856)	(16,471,438)	(6,479,856)	-
Transferred to stage (2)	(142,302,086)	(69,288,820)	143,398,307	72,506,370	(4,313,771)	-
Transferred to stage (3)	(9,689,864)	(20,852,024)	(22,956,550)	(13,423,771)	66,922,209	-
Effect on total exposure due to re-staging	2,443,613	2,162,851	(7,452,089)	1,782,801	(5,930,272)	**(6,993,096)**
Effect of adjustments	(25,202,146)	(123,897,628)	2,047,668	(10,450,858)	11,822,392	**(145,680,572)**
Written off credit facilities	-	-	-	-	(22,389,869)	**(22,389,869)**
Adjustments due to change in exchange rates	(2,980,613)	(11,776,815)	(146,148)	(16,806)	(663,688)	**(15,584,070)**
Balance - End of the Year	**2,317,382,140**	**1,546,257,826**	**379,689,947**	**98,671,107**	**303,583,673**	**4,645,584,693**

The movement on the provision for expected credit loss during the period was as follows:

For the Year ended December 31, 2018	Corporate	SME's	Retail	Real Estate	and Public	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	**119,885,952**	**28,368,876**	**20,471,246**	**15,528,233**	-	**184,254,307**
Reclassification impact	4,483,472	(4,607,383)	(519,276)	(467,300)	1,110,487	-
Impact of implementing IFRS (9)	36,209,420	5,015,526	10,152,144	16,098,611	641,744	**68,117,445**
Adjusted beginning balance of the year	**160,578,844**	**28,777,019**	**30,104,114**	**31,159,544**	**1,752,231**	**252,371,752**
Transferred to indirect credit facility provision	(794,772)	(2,627,293)	-	(168,101)	-	**(3,590,166)**
Impairment on new credit facilities during the year	6,875,229	5,700,499	2,905,942	1,882,189	453	**17,364,312**
Recovered from impairment on paid credit facilities	(4,445,610)	(3,486,364)	(1,959,999)	(2,150,785)	(2,072)	**(12,044,830)**
Transferred to stage (1)	(1,074,765)	(24,566,943)	1,481,363	1,766,733	(23,985,928)	**(46,379,540)**
Transferred to stage (2)	(2,842,963)	16,507,475	(1,097,257)	(1,768,666)	23,985,928	**34,784,517**
Transferred to stage (3)	3,917,728	8,059,468	(384,106)	1,933	-	**11,595,023**
Effect on provision at the end of the year due to						
reclassification between stages	11,365,247	5,315,353	8,803,907	8,491,976	(81,127)	**33,895,356**
Effect due to adjustments	5,279,767	(3,586,701)	(5,374,259)	19,184,061	(1,232,462)	**14,270,406**
Written-off credit facilities	(8,598,079)	(525,819)	(640,472)	(344,767)	-	**(10,109,137)**
Adjustments due to change in exchange rates	(21,917)	(293,616)	(2,893)	(6,917)	-	**(325,343)**
Balance at the End of the Year	**170,238,709**	**29,273,078**	**33,836,340**	**58,047,200**	**437,023**	**291,832,350**
Redistribution:						
Provision on an individual basis	165,520,229	27,011,504	24,905,943	53,715,208	437,023	**271,589,907**
Provision on a collective basis	4,718,480	2,261,574	8,930,397	4,331,992	-	**20,242,443**
For the Year ended December 31, 2017						
Balance at the beginning of the year	**126,471,526**	**25,947,381**	**17,878,402**	**12,847,334**	-	**183,144,643**
Deducted (reversal) during the year from revenues	(7,845,862)	2,693,776	2,773,927	2,686,415	-	**308,256**
Used from provision during the year (written-off provision)	(50,668)	(541,857)	(222,763)	(18,081)	-	**(833,369)**
Foreign currencies translation	1,310,956	269,576	41,680	12,565	-	**1,634,777**
Balance at the End of the Year	**119,885,952**	**28,368,876**	**20,471,246**	**15,528,233**	-	**184,254,307**
Redistribution:						
Provision on non-performing credit facilities	117,203,036	28,206,866	19,167,239	14,582,348	-	**179,159,489**
Provision on performing credit facilities	2,682,916	162,010	1,304,007	945,885	-	**5,094,818**

Interest in Suspense

The following is the movement on interest in suspense:

For the Year ended December 31, 2018	Corporate Entities		Retail	Real Estate	Governmental and Public	Total
	Corporate	SME's				
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	**44,737,782**	**20,081,617**	**13,667,876**	**14,021,783**	-	**92,509,058**
Transfers	779,077	(401,985)	413,767	(790,859)	-	-
Adjusted beginning balance of the year	45,516,859	19,679,632	14,081,643	13,230,924	-	**92,509,058**
Interest suspended during the year	89,887	690,862	323,381	2,206	-	**1,106,336**
Interest transferred to income	(8,550,742)	(1,248,782)	(278,311)	(1,390,994)	-	**(11,468,829)**
Effect on interest suspended due to reclassification between stages	1,946,061	50,557	671,669	714,332	-	**3,382,619**
Effect due to adjustments	16,515,164	3,765,888	3,024,073	1,986,111	3,890	**25,295,126**
Written-off interest in suspense	(9,388,370)	(1,210,398)	(1,163,114)	(586,180)	-	**(12,348,062)**
Adjustments due to change in exchange rates	286	(77,398)	(1,670)	131	-	**(78,651)**
Balance at the End of the Year	**46,129,145**	**21,650,361**	**16,657,671**	**13,956,530**	**3,890**	**98,397,597**
For the Year ended December 31, 2017	43,611,087	14,781,627	12,827,327	12,250,070	-	**83,470,111**
Add: Interest suspended during the year	4,679,709	9,478,279	2,830,141	4,123,218	-	**21,111,347**
Less: Interest transfered to income	(2,848,452)	(3,434,214)	(1,659,420)	(2,294,415)	-	**(10,236,501)**
written-off Interest in suspense	(2,120,792)	(822,561)	(329,830)	(68,627)	-	**(3,341,810)**
Foreign currency translation	1,416,230	78,486	(342)	11,537	-	**1,505,911**
Balance at the End of the Year	**44,737,782**	**20,081,617**	**13,667,876**	**14,021,783**	-	**92,509,058**

The following are the expousures according to IFRS (9):

As of December 31, 2018	Stage (1)			Stage (2)			Stage (3)			
	Direct Credit Facilities	Provision for Expected Credit Loss	Interest in Suspense	Direct Credit Facilities	Provision for Expected Credit Loss	Interest in Suspense	Direct Credit Facilities	Provision for Expected Credit Loss	Interest in Suspense	Net
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Corporate entities	1,090,875,002	13,749,917	7,504	226,560,962	47,291,903	4,180	144,543,986	109,196,889	46,117,461	**1,245,612,096**
SME's	214,937,730	4,014,440	24,433	36,792,094	2,449,638	31,482	54,197,111	22,809,000	21,594,446	**255,003,496**
Retail	679,142,489	4,065,384	18,548	37,913,756	5,163,047	4,217	51,827,741	24,607,909	16,634,906	**718,389,975**
Real Estate Loans	1,009,596,954	3,634,824	875	153,996,238	34,840,885	5,780	53,014,835	19,571,491	13,949,875	**1,144,604,297**
Governmental and Public	869,087,791	412,553	3,890	23,098,004	24,470	-	-	-	-	**891,744,882**
Total	**3,863,639,966**	**25,877,118**	**55,250**	**478,361,054**	**89,769,943**	**45,659**	**303,583,673**	**176,185,289**	**98,296,688**	**4,255,354,746**

As of January 1, 2018	Stage (1)			Stage (2)			Stage (3)			
	Direct Credit Facilities	Provision for Expected Credit Loss	Interest in Suspense	Direct Credit Facilities	Provision for Expected Credit Loss	Interest in Suspense	Direct Credit Facilities	Provision for Expected Credit Loss	Interest in Suspense	Net
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Corporate entities	1,071,237,605	15,896,344	2,893	167,991,479	37,090,709	3	138,530,787	107,591,791	45,513,962	**1,171,664,169**
SME's	245,672,938	4,382,608	87,516	19,057,181	1,402,481	115,941	47,794,409	22,991,930	19,476,175	**264,067,877**
Retail	692,693,568	6,790,188	4,488	15,996,835	3,466,761	2,973	42,390,746	19,847,165	14,074,183	**706,895,391**
Real Estate Loans	1,038,325,484	4,192,400	469,176	112,775,318	13,663,542	56,643	52,726,710	13,303,602	12,705,105	**1,159,437,044**
Governmental and Public	844,207,727	1,752,231	-	-	-	-	-	-	-	**842,455,496**
Total	**3,892,137,322**	**33,013,771**	**564,073**	**315,820,813**	**55,623,493**	**175,560**	**281,442,652**	**163,734,488**	**91,769,425**	**4,144,519,977**

The distribution of total credit facilities by internal credit rating for corporates was as follows:

	December 31, 2018				2017
	Stage (1)	Stage (2)	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Credit rating categories based on the Bank's internal system:					
From (1) To (5)	649,968,279	29,479,823	887,742	680,335,844	**718,479,493**
From (6) To (7)	230,233,103	167,296,479	-	397,529,582	**506,025,122**
From (8) To (10)	-	-	109,699,557	109,699,557	**100,890,873**
Not rated	210,673,620	29,784,660	33,956,687	274,414,967	**-**
Total	**1,090,875,002**	**226,560,962**	**144,543,986**	**1,461,979,950**	**1,325,395,488**

The movement on credit facilities for corporates during the year ended December 31, 2018 was as follows:

	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	**1,047,100,650**	**24,136,957**	**164,706,919**	**3,284,560**	**138,530,787**	**1,377,759,873**
New credit facilities during the year	193,233,183	6,076,112	14,235,856	7,964,197	2,331,218	**223,840,566**
Paid credit facilities	(135,161,555)	(3,307,314)	(4,768,063)	(12,665)	(7,441,222)	**(150,690,819)**
Transferred to stage (1)	13,527,920	407,296	(13,527,920)	(245,473)	(161,823)	**-**
Transferred to stage (2)	(66,659,910)	(9,691,922)	66,728,844	9,691,922	(68,934)	**-**
Transferred to stage (3)	(6,964,584)	(325,993)	(14,795,097)	(2,188,274)	24,273,948	**-**
Effect of adjustment	30,933,756	556,298	(3,362,475)	(1,130,954)	5,065,937	**32,062,562**
Written off credit facilities	-	-	-	-	(17,986,449)	**(17,986,449)**
Adjustments due to change in exchange rates	(2,985,892)	-	(20,415)	-	524	**(3,005,783)**
Balance - End of the Year	**1,073,023,568**	**17,851,434**	**209,197,649**	**17,363,313**	**144,543,986**	**1,461,979,950**

The movement on the provision for credit loss for corporates credit facilities during the year ended December 31, 2018 was as follows:

	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	**14,086,685**	**1,809,659**	**36,709,265**	**381,444**	**107,591,791**	**160,578,844**
Transferred to other provisions	-	-	-	-	(794,772)	**(794,772)**
Impairment losses on new investment during the year	2,134,399	475,214	1,398,924	1,570,681	1,296,011	**6,875,229**
Reversed from impairment losses on matured investments	(2,246,121)	(254,499)	(217,654)	(1,471)	(1,725,865)	**(4,445,610)**
Transferred to stage (1)	275,561	28,507	(275,561)	(28,507)	-	**-**
Transferred to stage (2)	(606,064)	(746,756)	636,863	746,756	(30,799)	**-**
Transferred to stage (3)	(895)	(25,118)	(3,668,384)	(254,130)	3,948,527	**-**
Effect on the size of exposures due to reclassification between stages	(152,385)	(3,414)	1,203,293	981,960	9,335,793	**11,365,247**
Effect of adjustment	(975,814)	10,534	8,084,175	27,620	(1,866,748)	**5,279,767**
Written off credit facilities	-	-	-	-	(8,598,080)	**(8,598,080)**
Adjustments due to change in exchange rates	(59,576)	-	(3,371)	-	41,031	**(21,916)**
Balance - End of the Year	**12,455,790**	**1,294,127**	**43,867,550**	**3,424,353**	**109,196,889**	**170,238,709**

The distribution of total credit facilities by internal credit rating for SME's was as follows:

	December 31, 2018				2017
	Stage (1)	Stage (2)	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Credit rating categories based on the bank's internal system:					
From (1) To (5)	82,879,765	12,364,010	-	95,243,775	**89,361,892**
From (6) To (7)	24,093,832	8,850,170	1,562,707	34,506,709	**29,387,746**
From (8) To (10)	-	-	37,883,140	37,883,140	**34,839,242**
Not rated	107,964,133	15,577,914	14,751,264	138,293,311	**205,351,785**
Total	**214,937,730**	**36,792,094**	**54,197,111**	**305,926,935**	**358,940,665**

The movement on credit facilities for SME's during the year ended December 31, 2018 was as follows:

	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	**104,092,463**	**141,580,475**	**16,055,898**	**3,001,283**	**47,794,409**	**312,524,528**
New credit facilities during the year	27,616,135	63,052,201	4,524,063	4,880,441	5,319,355	**105,392,195**
Paid credit facilities	(15,073,697)	(76,790,858)	(3,389,816)	(1,134,505)	(4,236,682)	**(100,625,558)**
Transferred to stage (1)	4,237,481	842,114	(4,183,941)	(605,890)	(289,764)	**-**
Transferred to stage (2)	(12,116,201)	(12,110,034)	12,971,703	12,347,573	(1,093,041)	**-**
Transferred to stage (3)	(1,276,519)	(4,143,784)	(3,537,508)	(484,462)	9,442,273	**-**
Effect on the size of exposures due to eclassification between stages	2,036,442	169,936	(1,333,723)	(1,282,829)	(745,993)	**(1,156,167)**
Effect of adjustment	(1,293,918)	(2,555,204)	107,554	(1,129,558)	(63,093)	**(4,934,219)**
Written-off credit facilities	-	-	-	-	(1,735,276)	**(1,735,276)**
Adjustments due to change in exchange rates	935	(3,330,237)	(49)	(14,140)	(195,077)	**(3,538,568)**
Balance - End of the Year	**108,223,121**	**106,714,609**	**21,214,181**	**15,577,913**	**54,197,111**	**305,926,935**

The movement on provision for credit loss for SME's credit facilities during the year ended December 31, 2018 was as follows:

	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	**1,985,106**	**2,397,502**	**1,230,745**	**171,736**	**22,991,930**	**28,777,019**
Transferred to other provisions	-	-	-	-	(2,627,293)	**(2,627,293)**
Impairment losses on new investment during the year	395,551	1,029,888	469,999	259,572	3,545,489	**5,700,499**
Reversed from impairment losses on matured investments	(127,191)	(1,306,567)	(158,677)	(51,245)	(1,842,684)	**(3,486,364)**
Transferred to stage (1)	152,968	75,939	(133,136)	(40,652)	(55,119)	**-**
Transferred to stage (2)	(156,603)	(228,946)	450,738	298,630	(363,819)	**-**
Transferred to stage (3)	(19,411)	(64,698)	(337,888)	(32,383)	454,380	**-**
Effect on the size of exposures due to reclassification between stages	(76,451)	(73,673)	359,891	72,975	5,032,611	**5,315,353**
Effect of adjustment	254,996	(179,350)	(88,318)	(18,434)	(3,555,595)	**(3,586,701)**
Written-off credit facilities	-	-	-	-	(525,819)	**(525,819)**
Adjustments due to change in exchange rates	201	(44,821)	(16)	(3,899)	(245,081)	**(293,616)**
Balance - End of the Year	**2,409,166**	**1,605,274**	**1,793,338**	**656,300**	**22,809,000**	**29,273,078**

The distribution of total credit facilities by internal credit rating for Individuals was as follows:

	December 31, 2018				2017
	Stage (1)	Stage (2)	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Credit rating categories based on the bank's internal system:					
From (1) To (5)	40,785,295	7,277,861	-	**48,063,156**	**42,719,798**
From (6) To (7)	-	-	-	**-**	**517,436**
From (8) To (10)	-	-	3,614,366	**3,614,366**	**4,557,854**
Not rated	638,357,194	30,635,895	48,213,375	**717,206,464**	**707,616,219**
Total	**679,142,489**	**37,913,756**	**51,827,741**	**768,883,986**	**755,411,307**

The movement on credit facilities for Individuals during the year ended December 31, 2018 was as follows:

	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	**43,843,281**	**648,850,287**	**609,289**	**15,387,546**	**42,390,746**	**751,081,149**
New credit facilities during the year	19,480,387	232,672,470	642,074	4,510,648	1,386,965	**258,692,544**
Paid credit facilities	(11,618,644)	(135,789,159)	(889)	(1,574,317)	(1,643,818)	**(150,626,827)**
Transferred to stage (1)	248,259	6,822,524	(248,259)	(4,713,084)	(2,109,440)	-
Transferred to stage (2)	(7,489,104)	(24,117,491)	7,489,104	25,374,461	(1,256,970)	-
Transferred to stage (3)	(38,564)	(9,122,106)	(62,184)	(4,758,795)	13,981,649	-
Effect of adjustment	(2,508,340)	(82,093,596)	(1,106,412)	(3,634,938)	821,712	**(88,521,574)**
Written off credit facilities	-	-	-	-	(1,737,196)	**(1,737,196)**
Adjustments due to change in exchange rates	2,410	(125)	(488)	-	(5,907)	**(4,110)**
Balance - End of the Year	**41,919,685**	**637,222,804**	**7,322,235**	**30,591,521**	**51,827,741**	**768,883,986**

The movement on the provision for credit loss for Individuals credit facilities during the year ended December 31, 2018 was as follows:

	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	**549,436**	**6,240,752**	**7,068**	**3,459,693**	**19,847,165**	**30,104,114**
Impairment losses on new facilities during the year	169,578	1,271,016	4,745	766,165	694,438	**2,905,942**
Reversed from impairment losses on matured facilities	(66,039)	(880,861)	(1)	(328,806)	(684,292)	**(1,959,999)**
Transferred to stage (1)	6,951	1,870,245	(6,951)	(976,893)	(893,352)	-
Transferred to stage (2)	(181,104)	(155,882)	181,104	712,120	(556,238)	-
Transferred to stage (3)	(45)	(58,802)	(86)	(1,006,551)	1,065,484	-
Effect on the size of exposures due to reclassification between stages	(4,450)	(1,840,236)	(180,826)	3,062,712	7,766,707	**8,803,907**
Effect of adjustment	(181,222)	(2,673,923)	(27)	(530,338)	(1,988,749)	**(5,374,259)**
Written-off credit facilities	-	-	-	-	(640,472)	**(640,472)**
Adjustments due to change in exchange rates	(16)	(14)	(81)	-	(2,782)	**(2,893)**
Balance - End of the Year	**293,089**	**3,772,295**	**4,945**	**5,158,102**	**24,607,909**	**33,836,340**

The distribution of total credit facilities by internal credit rating for Real Estate was as follows:

	December 31, 2018				2017
	Stage (1)	Stage (2)	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Credit rating categories based on the bank's internal system:					
From (1) To (5)	97,321,791	30,264,080	154,174	**127,740,045**	**135,715,937**
From (6) To (7)	34,869,844	79,847,028	-	**114,716,872**	**106,228,009**
From (8) To (10)	-	-	17,843,230	**17,843,230**	**17,652,320**
Not rated	877,405,319	43,885,130	35,017,431	**956,307,880**	**946,372,119**
Total	**1,009,596,954**	**153,996,238**	**53,014,835**	**1,216,608,027**	**1,205,968,385**

The movement on credit facilities for Real Estate during the year ended December 31, 2018 as follows:

	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	**244,429,593**	**793,895,891**	**84,755,785**	**28,019,533**	**52,726,710**	**1,203,827,512**
New credit facilities during the year	32,499,506	78,346,425	12,428,489	1,518,443	787,828	**125,580,691**
Paid credit facilities	(23,221,351)	(25,710,979)	(1,339,164)	(1,100,355)	(13,329,768)	**(64,701,617)**
Transferred to stage (1)	6,309,736	14,825,820	(6,309,736)	(10,906,991)	(3,918,829)	-
Transferred to stage (2)	(32,050,943)	(23,369,373)	32,222,728	25,092,414	(1,894,826)	-
Transferred to stage (3)	(1,410,197)	(7,260,141)	(4,561,761)	(5,992,240)	19,224,339	-
Effect of adjustment	(1,430,303)	(37,812,211)	1,786,733	(1,489,778)	813,557	**(38,132,002)**
Written-off credit facilities	-	-	-	-	(930,948)	**(930,948)**
Adjustments due to change in exchange rates	1,934	(8,446,453)	(125,196)	(2,666)	(463,228)	**(9,035,609)**
Balance - End of the Year	**225,127,975**	**784,468,979**	**118,857,878**	**35,138,360**	**53,014,835**	**1,216,608,027**

The movement on the provision for credit loss for Real Estate credit facilities during the year ended December 31, 2018 was as follows:

	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	**2,198,472**	**1,993,928**	**10,954,316**	**2,709,226**	**13,303,602**	**31,159,544**
Transferred to other provisions	-	-	-	-	(168,101)	**(168,101)**
Impairment losses on new facilities during the year	183,464	157,558	815,130	145,508	580,529	**1,882,189**
Reversed from impairment losses on matured facilities	(146,776)	(102,363)	(96,318)	(110,496)	(1,694,832)	**(2,150,785)**
Transferred to stage (1)	412,500	1,661,833	(412,500)	(1,055,829)	(606,004)	-
Transferred to stage (2)	(181,842)	(72,087)	213,830	375,083	(334,984)	-
Transferred to stage (3)	(32,377)	(21,294)	(310,601)	(578,649)	942,921	-
Effect on the size of exposures due to reclassifcation between stages	(345,616)	(1,635,830)	1,300,643	1,746,017	7,426,762	**8,491,976**
Effect of adjustment	296,956	(725,255)	19,294,854	(148,810)	466,316	**19,184,061**
Written-off credit facilities	-	-	-	-	(344,767)	**(344,767)**
Adjustments due to change in exchange rates	14	(6,461)	(432)	(87)	49	**(6,917)**
Balance - End of the Year	**2,384,795**	**1,250,029**	**31,758,922**	**3,081,963**	**19,571,491**	**58,047,200**

The distribution of total credit facilities by internal credit rating for the Government and Public Sector was as follows:

	December 31, 2018				2017
	Stage (1)	Stage (2)	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Credit rating categories based on the Bank's internal system:					
From (1) To (5)	869,087,791	23,098,004	-	**892,185,795**	**843,602,409**
From (6) To (7)	-	-	-	**-**	**82,533**
From (8) To (10)	-	-	-	**-**	**-**
Not rated	-	-	-	**-**	**-**
Total	**869,087,791**	**23,098,004**	**-**	**892,185,795**	**843,684,942**

The movement on credit facilities for the Government and Public Sector during the year ended December 31, 2018 was as follows:

	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
	JD	JD	JD	JD
Balance - beginning of the year	**844,207,727**	**-**	**-**	**844,207,727**
New credit facilities during the year	100,068,128	608,174	-	**100,676,302**
Paid credit facilities	(705,966)	-	-	**(705,966)**
Transferred to stage (1)	-	-	-	**-**
Transferred to stage (2)	(23,985,928)	23,985,928	-	**-**
Transferred to stage (3)	-	-	-	**-**
Effect of adjustment	-	(1,597,181)	-	**(1,597,181)**
Written off credit facilities	(50,496,170)	101,083	-	**(50,395,087)**
Balance - End of the Year	**869,087,791**	**23,098,004**	**-**	**892,185,795**

The movement on the provision for expected credit loss for the Government and Public Sector credit facilities during the year ended December 31, 2018 was as follows:

	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
	JD	JD	JD	JD
Balance - beginning of the year	**1,752,231**	**-**	**-**	**1,752,231**
Impairment losses on new Facilities during the year	374	79	-	**453**
Reversed from impairment losses on matured facilities	(2,072)	-	-	**(2,072)**
Transferred to stage (1)	-	-	-	**-**
Transferred to stage (2)	(105,517)	105,517	-	**-**
Transferred to stage (3)	-	-	-	**-**
Effect on the size of exposures due to reclassification between stages	-	(81,127)	-	**(81,127)**
Effect of adjustment	(1,232,462)	-	-	**(1,232,462)**
Balance - End of the Year	**412,554**	**24,469**	**-**	**437,023**

11. Financial Assets at Amortized Cost - Net

The details of this item are as follows:

	December 31,	
	2018	2017
	JD	JD
Quoted Financial Assets:		
Jordanian treasury bonds	914,626,190	1,106,490,756
Governmental/Government-guaranteed bonds	474,041,325	351,452,429
Foreign governments bonds	1,494,650	106,332,962
Corporate bonds and debentures	96,763,890	216,450,477
Total Quoted Financial Assets	**1,486,926,055**	**1,780,726,624**
Unquoted Financial Assets:		
Corporate bonds and debentures	3,000,001	6,650,001
Total Unquoted Financial Assets	**3,000,001**	**6,650,001**
Total	**1,489,926,056**	**1,787,376,625**
Less: Provision for excepted credit loss	(3,123,069)	(6,234,632)
Total	**1,486,802,987**	**1,781,141,993**
Bonds and Bills Analysis:		
With Fixed rate	1,478,231,987	1,741,961,867
With Floating rate	8,571,000	39,180,126
Total	**1,486,802,987**	**1,781,141,993**

- Bonds are repaid yearly, and the last of which matures in the year 2028.
- The interest rate on bonds ranges from 3.3% to 6.85%.
- There is no staging categories through the Bank's internal system.

- The following is the movement on the financial assets at amortized cost during the year ended December 31, 2018:

	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
	JD	JD	JD	JD
Balance - beginning of the year	**1,778,078,637**	**-**	**9,297,988**	**1,787,376,625**
Transfer to financial assets at air value through other comprehensive income - Note (9)	(365,357,008)	-	(2,647,988)	**(368,004,996)**
Adjusted – beginning balance of the year	1,412,721,629	-	6,650,000	**1,419,371,629**
New investments during the year	378,914,903	-	-	**378,914,903**
Accrued investments	(305,269,299)	-	(3,649,999)	**(308,919,298)**
Adjustments due to change in exchange rates	558,822	-	-	**558,822**
Balance - End of the Year	**1,486,926,055**	**-**	**3,000,001**	**1,489,926,056**

- The following is the movement on the provision for expected credit loss during the year ended December 31, 2018:

	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
	JD	JD	JD	JD
Balance - beginning of the year				
Reclassification	-	-	6,234,632	**6,234,632**
Effect of implementing IFRS (9) - Note (3)	-	-	(1,957,132)	**(1,957,132)**
Adjusted beginning balance for the year	176,625	-	-	**176,625**
Expected credit losses on new investments during the year	176,625	-	4,277,500	**4,454,125**
New investments during the year	92,259	-	-	**92,259**
Expected credit losses on Accrued investments	(141,874)	-	(1,277,500)	**(1,419,374)**
Adjustments due to change in exchange rates	(3,941)	-	-	**(3,941)**
Balance - End of the Year	**123,069**	**-**	**3,000,000**	**3,123,069**

12. Intangible Assets

The details of this item are as follows:

For the year ended December 31, 2018	Goodwill	Computer Software	Other *	Total
	JD	JD	JD	JD
Balance - beginning of the year	**358,397**	**19,519,464**	**5,205,161**	**25,083,022**
Additions **	**-**	**4,090,536**	**-**	**4,090,536**
Amortization for the year	-	(5,544,637)	-	**(5,544,637)**
Balance - End of the Year	**358,397**	**18,065,363**	**5,205,161**	**23,628,921**
For the year ended December 31, 2017				
Balance - beginning of the year	**358,397**	**18,788,436**	**5,205,161**	**24,351,994**
Additions **	-	5,504,092	-	**5,504,092**
Amortization for the year	-	(4,773,064)	-	**(4,773,064)**
Balance - End of the Year	**358,397**	**19,519,464**	**5,205,161**	**25,083,022**

* This item represents the license for conducting banking activities arising from the acquisition of 75% of Jordan International Bank. The licence for conducting business was identified as having an indifinte life. Its impairment was tested, and no impairement was identified as of December 31, 2018 and 2017.

** The additions to computer software amounted to JD 4,090,536 as of December 31, 2018 (JD 5,504,092 as of December 31, 2017) representing payments on account for the purchase of computer software.

13. Property and Equipment - Net

The details of this item are as follows:

For the year ended December 31, 2018	Lands	Buildings	Equipment, Furniture and Fixtures	Vehicles	Computers Hardware	Total
	JD	JD	JD	JD	JD	JD
Cost:						
Balance - beginning of the year	26,674,033	30,200,671	92,192,469	2,833,640	40,367,345	**192,268,158**
Additions	195,159	599,218	5,084,276	144,624	4,562,223	**10,585,500**
Disposals	-	(413,465)	(2,716,122)	(301,578)	(6,258,933)	**(9,690,098)**
Foreign currency exchange differences	(6,379)	(34,989)	(81,331)	(38,938)	(51,137)	**(212,774)**
Balance - End of the Year	**26,862,813**	**30,351,435**	**94,479,292**	**2,637,748**	**38,619,498**	**192,950,786**
Accumulated Depreciation:						
Balance - beginning of the year	-	8,013,509	72,799,540	1,810,697	33,582,758	**116,206,504**
Annual depreciation	-	608,371	6,404,256	372,449	2,894,996	**10,280,072**
Disposals	-	(3,192)	(2,043,075)	(287,061)	(6,223,655)	**(8,556,983)**
Foreign currency exchange differences	-	(25,448)	(123,388)	(2,277)	(30,771)	**(181,884)**
Balance - End of the Year	**-**	**8,593,240**	**77,037,333**	**1,893,808**	**30,223,328**	**117,747,709**
Net book value of property and equipment	26,862,813	21,758,195	17,441,959	743,940	8,396,170	**75,203,077**
Payments on purchased property and equipment	-	-	12,722,734	-	-	**12,722,734**
Projects under construction	-	98,639,907	-	-	-	**98,639,907**
Net Book Value – End of the Year	**26,862,813**	**120,398,102**	**30,164,693**	**743,940**	**8,396,170**	**186,565,718**
For the year ended December 31, 2017						
Cost:						
Balance - beginning of the year	27,492,183	26,411,384	88,502,678	2,799,592	38,066,091	**183,271,928**
Additions	-	3,432,875	5,516,730	312,486	2,724,282	**11,986,373**
Disposals	(846,191)	(56,486)	(1,894,701)	(281,128)	(481,640)	**(3,560,146)**
Foreign currency exchange differences	28,041	412,898	67,762	2,690	58,612	**570,003**
Balance - End of the Year	**26,674,033**	**30,200,671**	**92,192,469**	**2,833,640**	**40,367,345**	**192,268,158**
Accumulated Depreciation:						
Balance - beginning of the year	-	7,374,306	67,933,534	1,738,886	30,912,519	**107,959,245**
Annual depreciation	-	656,328	6,579,477	350,222	3,080,394	**10,666,421**
Disposals	-	(56,486)	(1,766,284)	(281,125)	(451,257)	**(2,555,152)**
Foreign currency exchange differences	-	39,361	52,813	2,714	41,102	**135,990**
Balance - End of the Year	**-**	**8,013,509**	**72,799,540**	**1,810,697**	**33,582,758**	**116,206,504**
Net book value of property and equipment	26,674,033	22,187,162	19,392,929	1,022,943	6,784,587	**76,061,654**
Payments on purchased property and equipment	-	-	7,297,811	-	-	**7,297,811**
Projects under construction	-	96,113,941	85,945	-	-	**96,199,886**
Net Book Value – End of the Year	**26,674,033**	**118,301,103**	**26,776,685**	**1,022,943**	**6,784,587**	**179,559,351**

- Property and equipment include fully depreciated assets of JD 72,250,021 as of December 31, 2018 (JD 59,913,549 as of December 31, 2017).
- Contractual commitments related to payments on purchases of property and equipment and projects under construction are stated in Note (49), and including the remaining estimated cost for projects under construction.

14. Other Assets

The details of this item are as follows:

	December 31,	
	2018	2017
	JD	JD
Accrued revenues and interest	25,762,323	20,265,648
Prepaid expenses	3,726,570	5,248,986
Assets seized by the Bank	57,223,906	43,310,629
Assets seized by the Bank with customer's right to recover	5,035,422	1,316,893
Cheques under collection	14,970,237	19,217,404
Other	16,440,941	13,827,325
Total	**123,159,399**	**103,186,885**

- The regulations of the Central Bank of Jordan require the Bank to dispose the assets it seizes during a maximum period of two years from the acquisition date.
- Including properties and shares that the customer has the right to repurchase from the Bank, within a period of three years, at cost plus agreed upon interest.

The following is a summary of the movement on assets seized by the Bank:

	For the Year Ended December 31,	
	2018	2017
	JD	JD
Balance - beginning of the year	**44,627,522**	**38,706,228**
Additions	**22,551,692**	**19,510,852**
Disposals	(3,721,418)	(12,596,814)
Impairment Loss	(1,198,468)	(992,744)
Balance - End of the Year	**62,259,328**	**44,627,522**

15. Bank and Financial Institutions Deposits

The details of this item are as follows:

	December 31, 2018			December 31, 2017		
	Inside Jordan	Outside Jordan	Total	Inside Jordan	Outside Jordan	Total
	JD	JD	JD	JD	JD	JD
Current accounts and demand deposits	14,887,882	57,455,853	72,343,735	**12,667,299**	58,114,965	**70,782,264**
Deposits due within 3 months	70,745,877	324,843,552	395,589,429	**73,174,217**	328,532,103	**401,706,320**
Deposits due within 3- 6 months	5,292,255	106,350,000	111,642,255	**26,713,847**	3,900,000	**30,613,847**
Deposits due within 6 - 9 months	30,305,873	-	30,305,873	**33,099,414**	-	**33,099,414**
Deposits due within 9 - 12 months	5,327,267	-	5,327,267	**5,520,087**	-	**5,520,087**
More than one year	-	-	-	-	-	-
	126,559,154	**488,649,405**	**615,208,559**	**151,174,864**	**390,547,068**	**541,721,932**

16. Customers' Deposits

The details of this item are as follows:

December 31, 2018	Retail	Corporate	SMEs	Government and Public Sector	Total
	JD	JD	JD	JD	JD
Current accounts and demand deposits	657,723,012	161,513,570	286,569,182	46,231,062	**1,152,036,826**
Saving deposits	2,074,766,403	379,956	13,647,932	522,527	**2,089,316,818**
Time and notice deposits	1,451,739,680	463,206,362	56,561,236	416,588,091	**2,388,095,369**
Certificates of deposit	209,782,637	33,020,257	1,084,658	-	**243,887,552**
Other	424,290	-	-	-	**424,290**
Total	**4,394,436,022**	**658,120,145**	**357,863,008**	**463,341,680**	**5,873,760,855**
December 31, 2017					
Current accounts and demand deposits	709,275,428	153,966,986	316,924,242	58,114,838	**1,238,281,494**
Saving deposits	2,129,974,849	487,888	11,122,794	638,333	**2,142,223,864**
Time and notice deposits	1,346,997,504	380,732,674	73,987,939	432,801,907	**2,234,520,024**
Certificates of deposit	211,845,295	-	830,925	-	**212,676,220**
Other	430,969	-	-	-	**430,969**
Total	**4,398,524,045**	**535,187,548**	**402,865,900**	**491,555,078**	**5,828,132,571**

- The deposits of the public sector and the Government of Jordan inside the Kingdom amounted to JD 454.2 million, representing 7.73% of total deposits as of December 31, 2018 (JD 486 million, representing 8.3% of total deposits as of December 31, 2017).
- Non-interest bearing deposits amounted to JD 1.64 billion, representing 27.9% of total deposits as of December 31, 2018 (JD 1.69 billion, representing 29% of total deposits as of December 31, 2017).
- Restricted deposits amounted to JD 220 million, representing 3.75% of total deposits as of December 31, 2018 (JD 102 million, representing 1.75% of total deposits as of December 31, 2017).
- Dormant accounts amounted to JD 205.2 million, representing 3.5% of total deposits as of December 31, 2018 (JD 265.7 million, representing 4.6% of total deposits as of December 31, 2017).

17. Cash Margins

The details of this item are as follows:

	December 31,	
	2018	2017
	JD	JD
Margins against direct credit facilities	86,755,326	109,839,072
Margins against indirect credit facilities	196,498,289	153,366,169
Dealing margins	1,645,721	1,559,643
Other margins	2,086,940	1,841,905
	286,986,276	**266,606,789**

18. Loans and Borrowing

The details of this item are as follows:

December 31, 2018	Amount JD	Periodic Repayment	Repayment Date	Guarantee	Borrowing Interest Rate	Re-lending Interest Rate
Audi Bank loan	4,891,660	Monthly	31/05/2019	Financial Solvency	4.75%	10.5%
Society General Bank loan	1,499,626	Monthly	31/08/2019	Financial Solvency	6.75%	10.5%
Amman Cairo Bank loan	25,000,000	Monthly	30/07/2019	Financial Solvency	5.00%	10.5%
Real Estate Mortgage Re-fund Co.	5,000,000	Monthly	04\05\2020	Financial Solvency	4.75%	10.5%
Real Estate Mortgage Re-fund Co.	5,000,000	Semi annual	09\08\2020	Financial Solvency	5.75%	10.5%
Real Estate Mortgage Re-fund Co.	5,000,000	Semi annual	24/09/2019	Financial Solvency	5.85%	10.5%
Real Estate Mortgage Re-fund Co.	5,000,000	Semi annual	07\01\2020	Financial Solvency	5.50%	10.5%
Central Bank of Jordan loan	6,300,000	Semi annual	14/07/2028	Financial Solvency	4.37%	Guaranteed 7.87% without guarantee 8.37%
Central Bank of Jordan loan	3,974,875	Semi annual	07\02\2031	Financial Solvency	4.42%	Guaranteed 7.42% without guarantee 8.42%
Central Bank of Jordan loan	2,765,000	Semi annual	29/11/2024	Financial Solvency	2.50%	Guaranteed 6% without guarantee 6.5%
Central Bank of Jordan loan	1,412,458	Semi annual	21/12/2039	Mortgage	3.00%	Guaranteed 6.5% without guarantee 7.5%
Central Bank of Jordan loan	10,015,379	According to instalment maturity date	5 years with the exception of renewable energy projects 10 years	Promissory note on demand	Inside the capital city 1.75% outside the capital city 1%	Inside the capital Minimum 4.5% outside the capital minimum 3.75%
Real Estate Mortgage Re-fund Co.	49,999,990	Semi annual	29/05/2019	Mortgage	5.05%	8% - 10.25%
	125,858,988					

* Funds have been reborrowed for housing loans at an interest rate of 8%-10.25%, and reborrowed funds amounted to JD 49,999,990.

- Borrowed funds with a fixed interest rate amounted to JD 115,584,113, and borrowed funds with a variable interest rate amounted to JD 10,274,875 as December 31, 2018.
- The maturity dates of funds reborrowed from the Central Bank of Jordan range from May 1, 2014 to December 21, 2039.
- Borrowed funds during 2018 amounted to JD 16,013,066 ,and settled borrowed funds amounted to JD 10,252,185.
- Re-issued loans amounted to JD 44,400,000.

December 31, 2017	Amount JD	Periodic Repayment	Repayment Date	Guarantee	Borrowing Interest Rate	Re-lending Interest Rate
Audi Bank loan	4,908,976	Monthly	31/05/2018	Financial Solvency	4.50%	10.3%
Audi Bank loan	4,000,000	Monthly	31/05/2018	Financial Solvency	6.24%	10.3%
Society General Bank loan	4,994,838	Monthly	31/05/2018	Financial Solvency	4.48%	10.3%
Amman Cairo Bank loan	14,992,112	Monthly	31/05/2018	Financial Solvency	4.25%	10.3%
Real Estate Mortgage Re-fund Co.	5,000,000	Semi annual	05/05/2018	Financial Solvency	4.75%	10.3%
Real Estate Mortgage Re-fund Co.	5,000,000	Semi annual	09/08/2018	Financial Solvency	5.00%	10.3%
Real Estate Mortgage Re-fund Co.	5,000,000	Semi annual	24/09/2018	Financial Solvency	5.50%	10.3%
Central Bank of Jordan loan	7,000,000	Semi annual	14/07/2028	Financial Solvency	3.26%	Guaranteed 6.76% without guarantee 7.26%
Central Bank of Jordan loan	3,974,875	Semi annual	02/07/2031	Financial Solvency	3.31%	Guaranteed 6.31% without guarantee 7.31%
Central Bank of Jordan loan	3,255,000	Semi annual	29/11/2024	Financial Solvency	2.50%	Guaranteed 6% without guarantee 6.5%
Central Bank of Jordan loan	4,598,526	According to instalment maturity date	5 years with the exception of renewable energy projects 10 years	Promissory note on demand	Inside the capital city 1.75% outside the capital city 1%	Inside the capital Minimum 4.5% outside the capital minimum 3.75%
Real Estate Mortgage Re-fund Co. *	50,000,000	Semi annual	29/05/2019	Mortgage	5.05%	7% - 9.5%
Central Bank of Jordan loan	1,412,458	Semi annual	21/12/2039	Financial Solvency	3.00%	Guaranteed 6.5% without guarantee 7.5%
	114,136,785					

* Funds have been reborrowed for housing loans at an interest rate of 7% to 9.5%, and reborrowed funds amounted to JD 50,000,000.

- The maturity dates of funds reborrowed from the Central Bank of Jordan range from May 1, 2014 to September 1, 2028.
- Borrowed funds with a fixed interest rate amounted to JD 98,563,384, and borrowed funds with a variable interest rate amounted to JD 15,573,401 as December 31, 2017.
- Borrowed funds during 2017 amounted to JD 94,706,389, and settled borrowed funds amounted to JD 18,908,106.

19. Sundry Provisions

The details of this item are as follows:

For the Year Ended December 31, 2018	Provision for End-of-Service Indemnity	Provision for Outstanding Lawsuits Against the Bank	Other Provisions	Total
	JD	JD	JD	JD
Balance - beginning of the year	**26,461,646**	**1,278,282**	**27,544,762**	**55,284,690**
Net provision for the year	3,245,903	2,084,718	6,171,858	**11,502,479**
Provision used during the year	(7,855,653)	(203,010)	(4,915,896)	**(12,974,559)**
Reverse to Revenue	-	-	-	-
Currency translation	(71)	3,545	(1,927)	**1,547**
Balance - End of the Year	**21,851,825**	**3,163,535**	**28,798,797**	**53,814,157**
For the Year Ended December 31, 2017				
Balance - beginning of the year	**26,182,581**	**520,677**	**29,321,111**	**56,024,369**
Net provision for the year	3,542,869	791,393	383,380	**4,717,642**
Provision used during the year	(3,263,804)	(36,441)	(3,680,822)	**(6,981,067)**
Reverse to Revenue	-	-	-	-
Currency translation	-	2,653	1,521,093	**1,523,746**
Balance - End of the Year	**26,461,646**	**1,278,282**	**27,544,762**	**55,284,690**

20. Income Tax

a. Income tax provision

The movement on the income tax provision is as follows:

	For the Year Ended December 31,	
	2018	2017
	JD	JD
Balance - beginning of the year	**50,509,319**	**57,000,430**
Income tax paid	(52,514,979)	(58,901,137)
Accrued income tax	51,892,329	52,370,207
Currency translation	(133,675)	39,819
Balance - End of the Year	**49,752,994**	**50,509,319**

	For the Year Ended December 31,	
	2018	2017
	JD	JD
Provision for income tax for the year	51,892,329	52,370,207
Deferred tax assets for the year	(12,676,270)	(2,946,725)
Deferred tax liabilities for the year	1,442,735	129,146
Amortization of deferred tax assets	2,308,790	5,255,801
Amortization of deferred tax liabilities	-	-
Effect of change of tax rates on deferred tax	(5,493,724)	-
Total	**37,473,860**	**54,808,429**

c. Reconciliation of the accounting profit with taxable profit:

	For the Year Ended December 31,	
	2018	2017
	JD	JD
Accounting profit for the year	132,000,598	180,012,696
Non-taxable income	(29,261,064)	(43,826,957)
Non-deductible expenses for tax purposes	36,545,426	(1,907,891)
Taxable Profit	**139,284,960**	**134,277,848**
Effective income tax rate	**28,39%**	**30,45%**

- The legal income tax rate on banks in Jordan has been 35% until the end of the year 2018, and it has become 38% effective from January 1, 2019. The tax rate on local subsidiaries ranges from 20% to 24%, whereas the income tax rates in the countries in which the Bank operates range from 0% to35%.

d. Tax Status

- The Bank has reached a final settlement with the Income and Sales Tax Department up to the year 2014, and has paid the declared taxes for the years 2015, 2016, 2017 and 2018 .
- The Bank has reached a final settlement in Palestine with the Income Tax Department up to the year 2017, and has reached a final settlement with the Income and Sales Tax Department for all years except for the year 2017.
- The income tax for the International Bank for Trade and Finance /Syria was paid up to the year 2017.
- The income tax for the Housing Bank for Trade and Finance /Algeria was paid up to the year 2017.
- The income tax for Jordan International Bank/ London was paid up to the year 2017.
- The income tax for the International Financial Centre Company was paid up to the year 2017. Moreover, a final settlement has been reached for all years except for the years 2016 and 2017.
- The income tax for the Specialized Leasing Company was paid up to the year 2017, and a final settlement has been reached up to the year 2016.

e. Deferred Incoem Tax Assets / Liabilities

The details of this item are as follows:

	For the Year Ended December 31, 2018						December 31,	
							2018	2017
	Beginning Balance	Effect on implementing IFRS (9) – Note (3)	Adjusted beginning Balance	Amounts Released	Amounts Added	Ending Balance	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD	JD	JD
Assets								
Expected credit loss	60,275,972	64,607,711	124,883,683	-	28,225,598	153,109,281	55,064,743	19,966,446
Suspended interest	576,686	-	576,686	-	252,036	828,722	298,044	191,028
Provision for indemnities	22,832,372	-	22,832,372	4,146,503	2,493,895	21,179,764	7,617,162	7,563,235
Impairment of real estate	3,055,843	-	3,055,843	-	1,198,468	4,254,311	1,530,035	1,012,250
Other provisions	10,919,815	-	10,919,815	-	3,712,332	14,632,147	5,262,355	3,617,194
Difference valuation of financial assets	-	-	-	-	3,719,228	3,719,228	1,140,547	-
Other assets	23,673,496	-	23,673,496	6,753,968	2,385,599	19,305,127	5,441,223	6,034,685
Total	**121,334,184**	**64,607,711**	**185,941,895**	**10,900,471**	**41,987,156**	**217,028,580**	**76,354,109**	**38,384,838**
Liabilities								
Difference valuation of financial assets	6,598,803	-	6,598,803	-	4,916,131	11,514,934	4,141,270	2,185,858
Total	**6,598,803**	**-**	**6,598,803**	**-**	**4,916,131**	**11,514,934**	**4,141,270**	**2,185,858**

- The movement on the deferred income tax assets / liabilities is as follows:

	For the Year Ended December 31, 2018		For the Year Ended December 31, 2017	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
Balance - beginning of the year	**38,384,838**	**2,185,858**	**40,738,707**	**2,056,712**
Impact of Implementing IFRS (9) - Note (3)	21,401,337	-	-	-
Adjusted beginning balance for the year	**59,786,175**	**2,185,858**	**40,738,707**	**2,056,712**
Additions	13,816,816	1,644,390	2,946,725	129,146
Disposals	(2,932,491)	-	(5,255,801)	-
Currency translation	(121,137)	-	(44,793)	-
Effect of change of tax rates on deferred tax *	5,804,746	311,022	-	-
Balance - End of the Year	**76,354,109**	**4,141,270**	**38,384,838**	**2,185,858**

* In accordance with the new income tax law in the Hashemite Kingdom of Jordan effective January 1, 2019, deferred tax assets and liabilities were calculated at 38% as of December 31, 2018 (35% as of December 31, 2017). For deferred tax balances at the branches of the Hashemite Kingdom of Jordan only as at the end of the year. The tax rate for subsidiaries and foreign subsidiaries, according to which deferred tax assets have been calculated, ranges from 17.5% to 25%. We believe that the tax assets and liabilities will be realized during the future periods of the Bank.

f. The following is the impact of implementing IFRS (9) on deferred income tax assets / liabilities.

Item	Deferred Income Tax Assets	Deferred Income Tax Liabilities
	JD	JD
Increase (decrease) in expected credit loss for assets	21,401,337	-
Reclassification of financial assets	-	-

21. Other Liabilities

The details of this item are as follows:

	December 31,	
	2018	2017
	JD	JD
Accrued interest	19,602,683	17,665,502
Interests and commissions received in advance	808,135	560,978
Accrued expenses	13,790,311	18,328,048
Certified cheques	34,050,008	27,506,819
Transfers deposits	29,525,841	27,096,367
Payment trusts	2,842,459	3,151,106
Prizes trusts	1,246,840	1,544,723
Correspondent banks trusts	995,814	157,852
General management trusts	3,703,593	2,380,945
Shareholders deposits	504,388	452,053
Accounts payable	3,716,977	2,167,966
Other deposits	62,461,284	54,278,229
Provision for indirect facilities' expected credit loss	26,926,112	4,254,000
Other	10,246,483	10,841,274
Total	**210,420,928**	**170,385,862**

Below is the movement on indirect facilities during the year:

	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	512,229,768	193,492,655	10,113,314	238,567	5,470,158	**721,544,462**
New exposure during the period	294,876,388	92,790,610	5,632,908	302,823	742,905	**394,345,634**
Matured exposure	(225,226,009)	(123,575,851)	(2,387,807)	(3,657)	(1,348,511)	**(352,541,835)**
Transferred to stage (1)	2,063,279	164,693	(1,885,651)	(157,693)	(184,628)	-
Transferred to stage (2)	(27,560,222)	(583,857)	27,931,222	609,357	(396,500)	-
Transferred to stage (3)	(1,346,800)	(12,640)	(2,994,490)	(77,000)	4,430,930	-
Effect of the reclassification	(30,847,509)	(5,571,888)	(4,842,025)	(301,645)	(332,848)	**(41,895,915)**
Adjustments due to foreign currency changes	1,156	(5,675,574)	(2,110)	-	(12,302)	**(5,688,830)**
Balance at the end of the year	**524,190,051**	**151,028,148**	**31,565,361**	**610,752**	**8,369,204**	**715,763,516**

Below is the movement on the expected credit loss for indirect facilities during the year:

	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	5,399,129	258,486	217,826	20,919	5,889,769	**11,786,082**
tranferred from general provision	79,677	3,399,031	-	69,099	984,993	**4,463,748**
adjusted beginning balance for the year	5,478,806	3,657,517	217,826	20,919	6,874,762	**16,249,830**
imparimant loss on new exposure during the year	1,281,346	2,152,541	196,017	69,099	3,573,676	**7,272,679**
reversed imparimant loss on matured exposure	-1,997,637	(3,043,026)	(121,746)	(6,503)	(5,441)	**(5,174,353)**
Transferred to stage (1)	77,980	10,484	(26,140)	(10,484)	(51,840)	-
Transferred to stage (2)	(345,988)	(7,124)	496,242	7,124	(150,254)	-
Transferred to stage (3)	(7,034)	(182)	(34,907)	(4,815)	46,938	-
Effect on provision as of end of the year due to rcalssification between the stages during the year	(58,104)	(9,520)	4,049,251	8,858	2,985,653	**6,976,138**
Adjustments due to changes	(605,910)	(320,363)	70,313	894	2,464,389	**1,609,323**
written-of facilities	-	-	-	-	-	-
Adjustments due to foreign currency changes	-	(6,642)	-	(863)	-	**(7,505)**
Balance at the end of the year	**3,823,459**	**2,433,685**	**4,846,856**	**84,229**	**15,737,883**	**26,926,112**

22. Paid-up Capital and Share Premium

Paid-up capital

Authorized and paid-in capital amounted to JD 315 million divided into 315 million shares at a par value of JD 1 per share as of December 31, 2018 and 2017.

In its extraordinary meeting held on April 23, 2017, the General Assembly of Shareholders approved the recommendation of the Bank's Board of Directors to increase the paid-in capital through distributing 25% of paid-in capital as free shares and capitalizing voluntary reserves of JD 33,222,068 as of December 31, 2016, as well as through a portion of share premium of JD 29,777,932. Thus, paid-in capital would become 315 million shares after capital increase at a par value of JD 1 per share. In this respect, the procedures for increasing capital were completed at the Companies Control Department on May 2, 2017.

Share premium

Share premium amounted to JD 328,147,537 as of December 31, 2018 and 2017.

23. Reserves

Statutory Reserve

This reserve represents amounts transferred from income before tax at a rate of 10% during the previous years. The statutory reserve may not be distributed to shareholders.

General Banking Risk Reserve

This reserve represents the general banking risks reserve according to the regulations of the Central Bank of Jordan.

Special reserve

This item represents the cyclical fluctuations reserve for Palestine branches based on the instructions of the Palestinian Monetary Authority, in addition to a special reserve at the International Bank for Trade and Finance/ Syria.

Restricted reserves are as follows:

Reserve	December 31,		Regulation
	2018	2017	
	JD	JD	
General banking risk reserves *	-	37,608,684	According to the regulations of the Central Bank of Jordan
Statutory reserve	219,222,999	206,742,971	According to the regulatory authoroties regulations
Special reserve	10,798,320	8,807,007	According to the applicable laws and regulations

* The banking risk reserve has been transferred to retained earnings in accordance with the instructions of the Central Bank of Jordan in this regard.

24. Foreign Currency Translation Reserve

This item represents the differences resulting from the translation of net investments in the foreign subsidiaries and branches upon the consolidation of the financial statements. The movement on this account is as follows:

	For the Year Ended December 31,	
	2018	2017
	JD	JD
Balance at the beginning of the year	(106,641,415)	(110,715,554)
Net changes during the year	(6,956,333)	4,074,139
Balance at the Ending of the Year	**(113,597,748)**	**(106,641,415)**

25. Fair Value Reserve - Net

The fair value reserve appears net after deferred taxes with a negative amount of JD 2,219,625 as of December 31, 2018 (a negative amount of JD 109,459 as of December 31, 2017). The movement on the net fair value reserve is as follows:

	For the Year Ended December 31,	
	2018	2017
	JD	JD
Balance – beginning of the year	(109,459)	(344,677)
Unrealized (losses) - Debt instruments	(2,605,375)	-
Unrealized gain (losses) - Shares	(443,682)	235,218
Deffered tax assets	1,140,547	-
Deffered tax liabilities	(201,656)	-
Net change in the valuation reserve of financial assets at fair value through comprehensive income after tax	(2,110,166)	235,218
Balance at the End of the Year	**(2,219,625)**	**(109,459)**

26. Retained Earnings

The movement on retained earnings is as follows:

	For the Year Ended December 31,	
	2018	2017
	JD	JD
Balance – beginning of the year	**273,604,841**	**247,953,497**
Effect of the application of IFRS (9) on expected credit loss	(76,622,326)	-
Transferred from general banking risk reserve	37,608,684	-
Effect of the application of IFRS9 (9) on deffered tax assets	21,401,337	-
Effect of the application of IFRS (9) net after tax – note (3)	(17,612,305)	-
Adjusted– beginning balance of the year	255,992,536	247,953,497
Income for the year	90,316,409	121,868,089
Dividends distribution	(63,000,000)	(75,600,000)
Transferred from reserves	(14,471,341)	(20,251,320)
Capital increase expenses	-	(365,425)
Gains from sale of financial assets at fair value through other comprehensive income	5,097	-
Balance – End of the Year	**268,842,701**	**273,604,841**

- Retained earnings includes a restricted amount of JD 7,714,167, which represents the differences in financial assets revaluation in accordance with the instructions of the Jordan Securities Commission.
- Retained earnings includes an amount of JD 593,977, which represents the effect of early implementation of the International Financial Reporting Standard No (9). This amount may not be used except for the amounts actually realized from sale.
- Retained earnings includes a restricted amount of JD 76,354,109, which represents deferred tax assets and an amount of JD 2,219,625, which represents the negative change in financial assets at fair value through comprehensive income, including capitalization or distribution only to the extent of what is actually recognized in accordance with the instructions of the Central bank of Jordan and the Jordan Securities Commission.
- Retained earnings includes a restricted amount of JD 13,829,104, which represents the gain from the valuation of foreign currencies at the International Bank for Trade and Finance /Syria for the current period and the prior periods.
- In its ordinary meeting held on April 30, 2018, the General Assembly of Shareholders approved the distribution of cash dividends of 20% from share capital as of December 31, 2017 to the shareholders, which is equivalent to JD 63 million as income for the year 2017.

27. Retained Earnings and Proposed Dividends

The proposed cash dividends for the current year amounted to 15%, equivalent to JD 47,25 million of paid-in capital subject to the approval of the General Assembly of Shareholders (20% for the prior year).

28. Subsidiaries with Material Non-controlling Interest

First: Percenatage owned by non-controlling interests

As of December 31, 2018 and 2017	Country	Activity Sector	Non-controlling Interests
International Bank for Trade & Finance/Syria	Syria	Banking	50,937%
The Housing Bank for Trade & Finance/Algeria	Algeria	Banking	15%
Jordan International Bank London/UK	U.K	Banking	25%

Second: The following is selected financial information for subsidiaries with material non-controlling interests:

a. Condensed statement of financial position before elimination of inter-company transactions as of December 31, 2018 and 2017:

	As of December 31, 2018		
	International Bank for Trade & Finance/Syria	The Housing Bank for Trade & Finance/ Algeria	Jordan International Bank London/UK
	JD	JD	JD
Financial assets	250,223,682	546,800,530	341,634,060
Other assets	4,976,317	15,292,328	5,705,976
Total assets	**255,199,999**	**562,092,858**	**347,340,036**
Financial Liabilities	208,172,415	338,935,479	266,830,059
Other Liabilities	18,053,185	107,864,749	4,413,130
Total Liabilities	**226,225,600**	**446,800,228**	**271,243,189**
Total Equtiy	**28,974,399**	**115,292,630**	**76,096,847**
Total Liabilities and Equity	**255,199,999**	**562,092,858**	**347,340,036**
Non Controlling Interest	**14,758,617**	**17,295,047**	**19,024,212**
	As of December 31, 2017		
	International Bank for Trade & Finance/Syria	**The Housing Bank for Trade & Finance/ Algeria**	**Jordan International Bank London/UK**
	JD	**JD**	**JD**
Financial assets	219,221,911	486,251,395	368,830,032
Other assets	4,120,619	16,593,542	5,354,115
Total assets	**223,342,530**	**502,844,937**	**374,184,147**
Financial Liabilities	175,416,853	306,423,907	291,023,299
Other Liabilities	21,167,886	82,886,807	3,366,984
Total Liabilities	**196,584,739**	**389,310,714**	**294,390,283**
Total Equtiy	**26,757,791**	**113,534,223**	**79,793,864**
Total Liabilities and Equity	**223,342,530**	**502,844,937**	**374,184,147**
Non-Controlling Interests	**13,629,549**	**17,031,269**	**19,948,466**

b. Condensed statement of income before elimination of inter-company transactions for the year ended December 31, 2018 and 2017:

	For the Year Ended December 31, 2018		
	International Bank for Trade & Finance/Syria	The Housing Bank for Trade & Finance/Algeria	Jordan International Bank London/UK
	JD	JD	JD
Total revenue	5,826,000	33,814,102	11,999,965
Profit for the year	2,213,130	15,608,471	3,133,680
Total Comprehensive Income	2,213,130	15,608,471	2,253,059
Attributable to non-controlling interest	**1,127,296**	**2,341,427**	**563,265**
	For the Year Ended December 31, 2017		
	International Bank for Trade & Finance/Syria	**The Housing Bank for Trade & Finance/Algeria**	**Jordan International Bank London/UK**
	JD	**JD**	**JD**
Total revenue	927,054	23,763,404	11,744,479
Profit for the year	3,074,363	9,883,567	1,484,259
Total Comprehensive Income	**3,074,363**	**9,883,567**	**1,484,259**
Attributable to non-controlling interest	**1,565,981**	**1,482,634**	**371,065**

c. Condensed statement of cashflows for material subsidiaries for the year ended December 31, 2018 and 2017:

	For the Year Ended December 31, 2018		
	International Bank for Trade & Finance/Syria	The Housing Bank for Trade & Finance/Algeria	Jordan International Bank London/UK
	JD	JD	JD
Operating cash flows	28,773,188	15,380,159	2,514,144
Investing cash flows	(620,590)	(1,078,424)	18,279,132
Financing cash flows	(3,021)	(10,570,022)	(1,783,871)
Effect of change in exchange rates	238,335	2,824,697	(5,004,748)
Net Increase / (Decrease)	**28,387,912**	**6,556,410**	**14,004,657**
	For the Year Ended December 31, 2017		
	International Bank for Trade & Finance/Syria	**The Housing Bank for Trade & Finance/Algeria**	**Jordan International Bank London/UK**
	JD	**JD**	**JD**
Operating cash flows	36,286,023	120,426,467	30,300,980
Investing cash flows	(458,680)	(716,179)	6,742,442
Financing cash flows	82,263	(4,731,141)	1,337,829
Effect of change in exchange rates	(736,870)	(4,594,788)	7,569,711
Net Increase / (Decrease)	**35,172,736**	**110,384,359**	**45,950,962**

d. The cash dividends for the Housing Bank for Trade & Finance/Algeria amounted to JD 7,517,322 during the year 2018 (JD 3,278,950 during the year 2017).

29. Interest Income

The details of this item are as follows:

	For the Year Ended December 31,	
	2018	2017
	JD	JD
Direct Credit Facilities:		
Individual retail customer:		
Overdraft	1,002,858	460,538
Loans and discounted bills	65,204,931	64,870,512
Credit cards	2,175,749	1,912,373
Other	241,957	194,289
Real estate mortgages	**80,017,713**	**70,346,654**
Large corporates		
Overdraft	26,053,691	15,747,146
Loans and discounted bills	60,332,700	59,494,201
SME's		
Overdraft	11,281,267	12,192,846
Loans and discounted bills	12,648,694	18,044,579
Government and Public Sector	**50,818,155**	**41,245,821**
Balances at central banks	12,651,380	10,361,199
Balances and deposits at banks and financial institutions	11,400,852	7,698,850
Financial assets at fair value through profit or loss	4,009	7,238
Financial assets at fair value through other comprehensive income	9,725,613	-
Financial assets at amortized cost	74,711,972	76,530,747
Total	**418,271,541**	**379,106,993**

30. Interest Expense

The details of this item are as follows:

	For the Year Ended December 31,	
	2018	2017
	JD	JD
Banks and financial institutions deposits	12,470,989	7,794,805
Customers deposits :		
Current accounts and demand deposits	1,091,392	1,073,474
Saving deposits	8,820,765	9,245,660
Time and notice deposits	84,187,890	67,205,247
Certificates of deposit	9,097,808	6,028,212
Cash margin	4,397,942	4,051,682
Borrowed funds	5,780,014	3,273,573
Deposits insurance fees	11,427,956	11,320,355
Total	**137,274,756**	**109,993,008**

31. Net Commission Income

The details of this item are as follows:

	For the Year Ended December 31,	
	2018	2017
	JD	JD
Commission income:		
Direct credit facilities	10,910,184	11,231,897
Indirect credit facilities	15,020,550	11,368,986
Less: Commission expense	(30,740)	(31,344)
Net Commission Income	**25,899,994**	**22,569,539**

32. Net Gain from Foreign Currency Exchange

The details of this item are as follows:

	For the Year Ended December 31,	
	2018	2017
	JD	JD
From trading	7,595,949	1,564,189
From re-valuation	3,612,862	(812,778)
Total	**11,208,811**	**751,411**

33. (Loss) from Financial Assets at Fair Value Through profit or Loss

The details of this item are as follows:

For the Year 2018	Realized		Unrealized		Dividends	Total
	Gain	(Loss)	Gain	(Loss)	Received	
	JD	JD	JD	JD	JD	JD
Bonds	-	-	-	(9,428)	-	**(9,428)**
Coprorate shares	-	(169,229)	3,160	(551,980)	200,671	**(517,378)**
Investment funds	57,676	-	-	-	9,021	**66,697**
Total	**57,676**	**(169,229)**	**3,160**	**(561,408)**	**209,692**	**(460,109)**
For the Year 2017						
Bonds	-	-	-	(15,511)	-	**(15,511)**
Coprorate shares	40,264	(3,496)	1,465,871	(2,019,160)	217,818	**(298,703)**
Investment funds	-	-	-	-	16,538	**16,538**
Total	**40,264**	**(3,496)**	**1,465,871**	**(2,034,671)**	**234,356**	**(297,676)**

34. Other Income

The details of this item are as follows:

	For the Year Ended December 31,	
	2018	2017
	JD	JD
Fees on salaries accounts	3,168,813	3,175,559
Credit cards income	6,932,336	6,591,607
Safety deposit box rental income	622,119	603,741
Commissions on returned checks	881,325	780,324
Management fees	5,259,953	5,003,676
Net income from recovered loans	2,823,330	2,951,844
Brokerage services fees	390,146	578,188
Banking services fees	2,053,940	1,820,088
Income on transfers	6,052,656	6,780,587
Miscellaneous income	2,824,953	5,620,593
Total	**31,009,571**	**33,906,207**

35. Employees Expenses

The details of this item are as follows:

	For the Year Ended December 31,	
	2018	2017
	JD	JD
Salaries, benefits and allowances	59,300,055	58,458,038
Bank's contribution in social security	6,905,430	6,857,703
Bank's contribution in the saving fund	201,081	197,909
End-of-service indemnity	3,245,903	3,542,869
Medical expenses	3,515,621	3,576,847
Training expenses	542,619	853,286
Travel and transportation expenses	1,184,315	1,269,581
Other	1,086,476	1,060,186
Total	**75,981,500**	**75,816,419**

36. Other Expenses

The details of this item are as follows:

	For the Year Ended December 31,	
	2018	2017
	JD	JD
Information technology	9,372,718	9,664,905
Marketing and promotion	3,442,943	4,104,752
External and professional services	2,008,833	1,997,385
Rent and workplace expenses	20,909,993	20,445,786
Financial institutions subscription fees	3,009,690	3,231,221
Stationary expenses	2,030,708	2,217,081
Fees on credit facilities processing	304,643	417,104
Other expenses	12,988,072	10,651,471
Total	**54,067,600**	**52,729,705**

37. Expected Credit Loss Expense – net

The details of this item are as follows:

	For the Year Ended December 31,	
	2018	2017
	JD	JD
Balances and deposits at banks and financial institutions	20,691	-
Financial assets at fair value through other comprhensive income	(168,790)	-
Finanical assets at amortized cost	(1,327,115)	562,132
Direct credit facilities	53,485,235	308,256
Indirect credit facilities (commitments and contingent liabilities)	10,683,787	-
Total	**62,693,808**	**870,388**

38. Earnings Per Share

The details of this item are as follows:

	For the Year Ended December 31,	
	2018	2017
	JD	JD
Profit for the year attibutable to shareholders' (JD)	90,316,409	121,868,089
Weighted average number of shares (share)	315,000,000	315,000,000
Basic and diluted earnings per share attributable to shareholders of the Bank	**0.287 JD**	**0.387 JD**

39. Cash and Cash Equivalents

The details of this item are as follows:

	As of December 31,	
	2018	2017
	JD	JD
Cash and balances with central banks maturing within 3 months	1,182,417,706	1,249,146,768
Add: Balances with banks and financial institutions maturing within 3 months	552,436,392	494,547,239
Less: Banks and financial institutions deposits maturing within 3 months	(467,933,164)	(472,488,584)
	1,266,920,934	**1,271,205,423**

40. Financial Derivative Instruments

The details of this item are as follows:

For the Year 2018	Positive Fair Value	Negative Fair Value	Nominal Value	Due in three Months	Due in 3 - 12 Months	From 1 to 3 Years
	JD	JD	JD	JD	JD	JD
Traded Financial Derivatives:						
Forward foreign currency contracts	99,036	(1,662)	171,685,007	19,408,295	152,276,712	-
Interest rate swap contracts	-	-	-	-	-	-
For the Year 2017						
Traded Financial Derivatives:						
Forward foreign currency contracts	95,751	(57,028)	28,896,477	18,963,217	9,933,260	-
Interest rate swap contracts	-	-	-	-	-	-

Nominal value represents the value of transactions outstanding at year-end and does not refer to market risks or credit risks.

41. Related Party Transactions

a. These consolidated financial statements include the financial statements of the Bank and the following subsidiaries:

Company Name	Ownership	December 31,	
		2018	2017
	%	JD	JD
The Housing Bank for Trade and Finance / Algeria	85%	98,134,068	98,134,068
International Bank for Trade and Finance / Syria	49.063%	76,684,321	76,684,321
International Financial Center	77.5%	5,000,000	5,000,000
Specialized Lease Finance Co.	100%	30,000,000	30,000,000
Jordan Real Estate Investment Co.	100%	40,000	40,000
Jordan International Bank / London	75%	72,403,280	72,403,280
International Financial Center / Syria	46.704%	1,495,780	1,495,780

- The International Bank for Trade and Finance – Syria owns 85% of the International Financial Centre Company – Syria, and the Bank owns 5% of the company.
- The Bank entered into transactions with major shareholders, Board of Directors, and executive management in the course of its ordinary activities at commercial rates of interest and commissions. All facilities granted to related parties are performing, and no provisions have been taken.

b. Summary of related party transactions during the year:

	Related Party				Total	
	Major Shareholders	Subsidiaries	Board of Directors	Executive Management	December 31, 2018	December 31, 2017
	JD	JD	JD	JD	JD	JD
Financial Position Items:						
Total deposits with related parties	42,234,728	82,206,084	-	-	**124,440,812**	**146,500,426**
Total deposits form related parties	602,494,613	32,975,654	1,809,950	2,396,123	**639,676,340**	**509,830,763**
Loans and advances granted to related parties	-	2,813,773	1,575	1,112,920	**3,928,268**	**3,020,693**
Items Off-statement of Financial Position						
Letters of guaranctees and credits	200,000	1,644,023	-	-	**1,844,023**	**4,628,600**

c. Summary of related party transactions during the year:

	Related Party				Total	
	Major Shareholders	Subsidiaries	Board of Directors	Executive Management	December 31, 2018	December 31, 2017
	JD	JD	JD	JD	JD	JD
Income Statement Items						
Interest and commissions income	1,036,326	2,162,789	3,801	41,934	**3,244,850**	**2,152,632**
Interest and commissions expense	18,032,114	1,637,248	38,262	55,235	**19,762,859**	**16,336,902**

- Interest expense rates range from 0% to 8,1%.
- Interest income rates range from 0% to 7%.

d. Summary of the Bank's executive management remuneration:

	For the Year Ended December 31,	
	2018	2017
	JD	JD
Salaries, bonuses, and other benefits	3,146,595	3,080,096
Salaries, bonuses, and other benefits/ subsidiaries	2,199,918	2,322,260

42. Segment Analysis

a. Information on the Bank Activities:

For management purposes, the Bank is organized into four major business segments according to reports sent to the chief operating officer:

Retail Banking: Principally handling the deposits of individual customers and small businesses and providing loans, overdrafts, credit cards and other services.

Corporate Banking: Principally handling deposits, credit facilities, and other financial services for corporate and institutional customers.

Corporate Finance: Principally arranging structured finance and providing services relating to privatizations, IPO's, mergers and acquisitions.

Treasury: Principally providing trading and treasury services and the management of the Bank's funds in money and capital markets.

Information of the Bank's business segment distributed according to operations is as follows:

	Retail Banking	Corporate	Corporate Finance	Treasury	Other	Elimination	Total For the Year Ended December 31,	
							2018	2017
	JD	JD	JD	JD	JD	JD	JD	JD
Gross Income	249,644,793	199,452,394	7,564,115	134,121,348	18,296,034	(122,979,137)	**486,099,547**	**436,036,474**
(Impairment) of credit facilities to customers	(5,697,600)	(41,766,278)	(4,945,132)	-	-	-	**(52,409,010)**	**(308,256)**
Impairment provision for financial assets	-	-	-	1,475,214	-	-	**1,475,214**	**(562,132)**
Segment results	101,971,642	23,489,468	(2,626,050)	15,027,062	9,732,259	-	**147,594,381**	**193,812,045**
Unallocated expenses	-	-	-	-	-	-	**(15,593,783)**	**(13,799,349)**
Income before tax	-	-	-	-	-	-	**132,000,598**	**180,012,696**
Income Tax	-	-	-	-	-	-	**(37,473,860)**	**(54,808,429)**
Profit for the year	-	-	-	-	-	-	**94,526,738**	**125,204,267**
Capital expenditures							**21,723,120**	**27,776,219**
Depreciation and amortization							**15,824,709**	**15,439,485**
							December 31,	
							2018	**2017**
							JD	**JD**
Segment Assets	4,718,719,131	2,743,847,974	127,162,780	3,498,592,595	1,307,420,672	-	**12,395,743,152**	**11,947,434,837**
Elimination of assets between segments	(2,992,380,420)	-	-	(442,697,803)	(736,183,552)	-	**(4,171,261,775)**	**(3,840,625,508)**
Unallocated assets	-	-	-	-	-	-	**76,354,109**	**38,384,838**
Total Assets	-	-	-	-	-	-	**8,300,835,486**	**8,145,194,167**
Segment Liabilities	4,623,787,755	2,886,959,718	129,664,572	3,364,514,845	329,256,538	-	**11,334,183,428**	**10,827,137,060**
Elimination of liabilities between segments	-	(1,277,862,274)	(95,633,923)	(2,744,086,589)	-	-	**(4,117,582,786)**	**(3,800,359,112)**
Unallocated liabilities	-	-	-	-	-	-	**4,141,270**	**2,185,858**
Total Liabilities	-	-	-	-	-	-	**7,220,741,912**	**7,028,963,806**

The following is the geographical distribution of the Bank's income, assets, and capital expenditures:

	Inside Jordan		Outside Jordan		Total	
	2018	2017	2018	2017	2018	2017
	JD	JD	JD	JD	JD	JD
Gross income	374,424,433	343,403,123	111,675,114	92,633,351	**486,099,547**	**436,036,474**
Total assets	7,291,405,893	6,142,978,451	1,010,589,593	1,997,961,716	**8,301,995,486**	**8,140,940,167**
Capital expenditures	18,090,653	22,653,598	3,632,467	5,122,621	**21,723,120**	**27,776,219**

43. Capital Management

Through the manangement of its paid-up capital, the Bank seeks to acheive the below goals:

- Compliance with the Central Bank capital related requirements.
- Maintaining its ability as a going concern.
- Having a strong capital base for supporting the Bank's expansion and development.

Capital adequacy is reviewed monthly, and reported quarterly to the Central Bank.

According to the Central Bank's instructions, the mimimum requirement for capital adequacy is 12%. Banks are classified into 5 categories, the best of which has an average capital adequacy equal to or more than 14%.

The Bank restructures and modifies its capital according to the business environment. There have been no amendments in the goals, policies, and procedures related to capital management during the current year.

The capital adequacy ratio is calculated according to the instructions of the Central Bank, based on the instructions of Basel III Committee, as follows:

	December 31,	
	2018	2017
	JD	JD
1. Common Equity Tier 1 Capital		
Paid-in capital	**315,000,000**	**315,000,000**
Retained earnings	**214,088,488**	**204,068,344**
Other comprehensive income items	**(115,817,373)**	**(106,750,874)**
Net fair value reserve	(2,219,625)	(109,459)
Foreign currency translation reserve	(113,597,748)	(106,641,415)
Share premium	**328,147,537**	**328,147,537**
Statutory reserve	**219,206,360**	**206,727,314**
Other reserve	**10,798,320**	**8,807,007**
Non-controlling Interest	**23,386,049**	**22,783,052**
Total capital of common stock	**994,809,381**	**978,782,380**
Regulatory amendments (Propositions of the capital)	**(102,658,487)**	**(65,114,795)**
Goodwill and other intangible assets	(23,628,921)	(25,083,022)
Deffered tax assets	(76,354,109)	(38,384,838)
Investments in capital of non consolidated subsidiaries	(28,477)	(28,477)
Mutual fund investments in the capital of Banking, Financial and Insurance Entities (within CET1)	(2,646,980)	(1,618,458)
Total primary capital	**892,150,894**	**913,667,585**
2. Additional Tier 1		
Non-controlling Interest	4,126,950	4,020,539
Total additional capital	4,126,950	4,020,539
Regulatory amendments (Propositions of the capital)	-	-
Net additional capital	**4,126,950**	**4,020,539**
Net additional capital Tier 1.	**896,277,844**	**917,688,124**
3. Tier 2		
General banking risk reserve	-	37,608,684
Provision of credit loss for stage (1) not exceeding 1.25% of assets exposed to credit loss	32,887,865	-
Non-controlling Interest	5,502,600	5,360,718
Total supported capital	**38,390,465**	**42,969,402**
Regulatory amendments (Propostions of the capital)	**(12,204)**	**(12,204)**
Investments in capital of non consolidated subsidiaries	(12,204)	(12,204)
Net additional capital Tier 2	**38,378,261**	**42,957,198**
Regulatory capital	**934,656,105**	**960,645,322**
Total weighted assets risk average.	**5,796,098,827**	**5,615,792,970**
Capital Adequacy ordinary shareholders (CETI) Ratio %	**15.39%**	**16.27%**
Capital Adequacy Tier 1 Ratio %	**15.46%**	**16.34%**
Capital Adequacy Ratio %	**16.13%**	**17.11%**

44. Fair Value of Financial Assets Not Carried at Fair Value in the Financial Statements

The fair value of financial assets not carried at fair value in the financial statements is as follows:

	December 31, 208		December 31, 2017	
	Book Value	Fair Value	Book Value	Fair Value
	JD	JD	JD	JD
Financial assets at amortaized cost	1,486,802,987	1,486,900,555	1,781,141,993	1,783,027,724
Direct credit facilities - Net	4,255,354,746	4,255,354,746	4,212,637,422	4,212,637,422

45. Risk Management

Banking risks are managed based on a comprehensive mitigation strategy where acceptable risks are defined along with ways to limit and confront such risks. Such a strategy allows the Bank to better manage its business while maintaining a certain level and type of risk the Bank is willing to bear and handle without affecting strategic goals and objectives. Meanwhile, the Bank minimizes the negative effects of internal and external incidents on the Bank's profitability, capitalization, market share and any other intangible factors such as reputation and goodwill.

Defining risk levels and limits is a process conducted according to quantitative and qualitative measurement techniques, depending on the nature of each risk. Those risk levels are then reflected within the risk limits defined and approved in the Bank's policies and procedures.

Acceptable risk levels comply with the Bank's strategy and mechanism to do business. They clearly describe risks that the Bank can handle and the methods and manners through which the Bank can control and monitor such risks.

The Bank's risk management is based on a comprehensive risk reduction strategy and ways of addressing it and mitigating it, after identifying acceptable risks by the Bank to manage its business in order to maintain the level and quality of the various risks that the Bank wishes to accept, which does not affect the achievement of the strategic objectives, In addition to decreasing the negative effects of internal and external events on the profitability of the bank, the level of capital, market share and any other intangible factors such as reputation of the bank.

The process adopting acceptable limits and levels of risk at the bank is carried out according to qualitative / or quantitative measurement methods, based on the nature and specificity of the various risks. These levels (qualitative and quantitative) are reflected within the risk limits adopted in the Bank's policies, powers and procedures.

The acceptable risk levels are consistent with the Bank's strategy and sets out a framework for the mechanism that bank must adopt to conduct its business, clarify the nature of risks accepted by the Bank to achieve its strategic objectives, and establish procedures for identifying and controlling acceptable risk levels.

Strategic objectives of risk management

- Establishing effective risk management in the Bank and enhancing institutional governance through applying advanced methods and approaches in measuring different risks.
- Hedging and mitigating potential losses, leading to the maximization of profitability and improvement of the efficiency and effectiveness of the banking operations.
- Spreading a culture of awareness of the surrounding risks and achieving a deep understanding of all levels of management of risks faced by the Bank.
- Assisting in achieving the overall strategic objectives of the Bank.

Risks to the Bank

The Bank is exposed to the following major risks:

- Credit risk.
- Market and liquidity risks, including interest and currency risks.
- Operational risks, including information security risks and business continuity risks.

Acceptable risk levels

Effective risk management includes a thorough understanding of the sources and nature of the risks facing the Bank, as well as the provision of an appropriate regulatory environment in line with the international best practices and standards, consistent with the instructions of the regulatory authorities and the instructions of the Bank. The most important pillars of effective risk management are based on identifying acceptable risk levels for all banking activities after identifying, measuring, and analyzing the various risks faced by the Bank.

The procedures used to determine acceptable risk levels at the Bank include:

- Determining the business strategy: The acceptable risk levels are determined in line with the Bank's strategic plan, regulatory directives, maintaining its capital adequacy, sound management of liquidity risks and sources of funds, and maintaining stable levels of profit.
- Evaluating the Bank's material risks, identifying methods and approaches of measurement, quantifying the risks that the Bank can accept and assume, and providing the Board of Directors with a full picture about risks, size of exposure, and control framework on these risks at the Bank.
- Determining the acceptable risk level for business units and the Bank's products:
- Limits: The level of risk that the Bank can bear and accept based on the exposure to the Bank's activities and on the objectives set for the Bank and the business community.
- In addition, the acceptable risk levels are monitored, and any violations of the prescribed limits and acceptable risk levels are addressed and reported to the Board of Directors through the Risk Management Committee.

Risk management framework

- The existence of a separate risk management structure that includes monitoring, supervision, reporting, and tasks related to the risk functions.
- The existence of a strategy, policies, and work procedures aimed at effective risk management, control, and mitigation of the adverse effects of such risks.
- Controlling, supervising, and measuring risks within the risk acceptance document.

Managing risks on a daily basis and ensuring that they are within the approved limits.

Credit risk

Credit risk is defined as the risk arising from the customer's inability or willingness to meet its obligations to the Bank within an agreed period of time or from a recession in a particular sector.

In this regard, customers' credit concentration risks are defined as the risks to the Bank arising from the unequal distribution of credit customers or concentrations in facilities granted to economic sectors or in certain countries, which may lead to increased probability of losses.

Credit risk management

Credit risk is managed by:

- Promoting the establishment of a good and balanced credit portfolio that achieves the targeted return within its defined risk levels;
- Strictly controlling credit in its various stages and consistently complying with the regulatory authorities' instructions and their amendments;
- Distributing the credit portfolio, including expanding the customer base according to specific plans, ceilings, and risks;
- Continuing to work within the principle of segregating the functions of customer relationship management, credit analysis, and credit control;
- Granting credit based on eligibility and repayment ability, provided that there are no restrictions on borrowing or foreclosure in the Company's Memorandum of Association and Articles of Association, and on the Bank's belief in the customers' ability to meet their obligations based on a comprehensive credit study of the customers' positions within the Bank's acceptable risk classification levels;
- Prohibiting the financing of facilities except for the purposes specified in the Bank's credit policy, the instructions of the Central Bank of Jordan, the Banking Law, and any instructions issued by the regulatory authorities, and against appropriate collaterals that guarantee the Bank's right;
- Reducing the non-performing debt ratio in the credit portfolio while increasing market share in commercial finance and corporate finance; and
- Diversifying the credit portfolio, especially in the corporate portfolio, while avoiding overconcentration at the customer's level.

Default and default tackling mechanism:

Default definition:

Default is the existence of payment dues on customer facilities of more than 90 days and a marked increase in risk ratings (8,9,10), in addition to any indications of the existence of customer's probability of default (PD), requiring the inclusion of some customers within the concept of "Credit Deterioration Factors", including, but not limited to:

- Significant financial difficulties faced by the debtor such as a severe weakness in the financial statements.
- Relinquishing part of the obligations incurred by the debtor because of the debtor's financial difficulties.
- Non-payment of obligations on time.
- Debtor's bankruptcy.
- Debtor's need to restructure or reschedule his obligations.

Default handling mechanism:

Under the instructions of the Central Bank of Jordan, and once debt is classified as non-performing, the Bank takes adequate provisions and carries out the necessary procedures for collecting its rights in accordance with the applicable laws. Furthermore, the Bank performs all collection procedures to reach settlements with customers according to the regulations in force to ensure that debts are repaid fully or rescheduled in accordance with the standards and principles stipulated by the Central Bank of Jordan and the regulatory authorities of the host countries.

The Bank's Internal Rating Systems:

Internal Rating System for Corporate Customers:

- A system designed to assess and measure the risks of corporate customers in a comprehensive manner by extracting the customer's risk rating associated with the customer's probability of default (PD) based on the financial and objective data. It is also involved in the extraction of the expected losses (EL) of the customer's facilities through "facility rating" and the loss given default (LGD) associated with collaterals.

- The Risk Analyst / Moody's System has various models and Scorecards to cover most customer segments. Each model has several sections, and each section is associated with risk weights according to model used. The risk score is calculated through these models/cards by collecting the results of financial and objective extracts in a digital form called VOTES. Then, calculations are made to extract the so-called average assessment, which is shown in the form of a digital counter (from 0-100), noting that the digital meter is divided into seven sections (excellent / very good / good / average / less than average / bad / unacceptable).
- The Bank uses the Risk Analyst/Moody's System to measure the risk rating of customers within (7) grades for the performing accounts and three grades for the non-performing accounts. The probability of default (PD) increases as risk rating increases. Three segments are adopted at each grades - with the exception of grade (1). Each grade is defined clearly as explained in the methodology.

Principles for the evaluation process within the internal rating system for corporate customers:

- Availability of recent, audited / unaudited financial statements, in line with the instructions of the Central Bank of Jordan to reflect the actual financial position of the credit applicant.
- The credit grantor having a clear idea about the objective aspects of the customer's situation (e.g. management, customer sector, competitive situation, etc.), because of the significant impact of the objective aspect on the customer's risk assessment results.
- Availability of sufficient data on the customer's collaterals to enable assessment of the credit facility's risk.
- Annual update of the Probability of Default based on the latest studies conducted by Moody's.
- Selection of the appropriate Analysis Model that fits with the customer's nature.
- Use of the Archiving Option to maintain the customer's historical risk levels approved within the credit analysis.
- Use of the Override Option of the Risk Analyst System through adopting the Bank's override methodology concerning the availability of approval of the authorized personnel "representing the credit granting powers themselves", in order to raise or lower the risk level, according to the credit analysis memorandum prepared by the Business and Credit Review Center.

Internal Rating System for Retail and Small Business Customers:

- A system that evaluates customers (individuals and small companies) and gives them risk scoring based on their risks before granting them loans. Based on this evaluation, the customer's creditworthiness and probability of default are assessed.
- The internal scoring of retail customers is conducted for all granted products (personal loans, housing loans, credit cards, and car loans). For small companies, the granted products are scored, including (business loans, mortgage loans, and declining balance loans).

Definition of expected credit losses (ECL):

The expected credit losses represent the total amounts allocated to cover the losses resulting from the customers' failure to fulfill their obligations. This is equal to: Exposure at Default X Probability of Default X Losses Given Default.

Mechanism for calculating expected credit losses (ECL)

1. Credit Portfolio (Corporate Portfolio)

Exposure at Default (EAD):

This represents the reporting period balance plus interest. It includes the credit facilities within the corporate portfolio and is divided into funded facilities, unfunded facilities, and unutilized ceilings, as follows:

• Funded Facilities:

- Two types of cash payments from customers have been approved as follows: Annuity Repayment (monthly, quarterly, and semi-annual) and Bullet Repayment.

- Customers' cash flows are adopted according to the repayment schedules and periodicity (Projected Cash Flows).
- The credit facilities remaining payments have been studied after considering the Contractual Interest Rate (CIR) as an alternative to the Effective Interest Rate (EIR) and the actual maturity of the facility as stated in the Contractual Maturity.
- A study was conducted on the percentage of utilization of the ceilings of overdraft facilities and revolving loans. The study concluded that the percentage of utilization of these ceilings had reached 72% through using the previous three years' historical data.
- To calculate the balance subject to ECL calculation, the ceiling is multiplied by the utilization percentage (72%) and compared with the utilized balance, so that the higher value is taken.
- The overdraft average maturity is 2.5 years, according to Basel regulations.
- A risk rating of (-5) has been applied to all unrated facilities, based on the consulting company's opinion.

• Unfunded Facilities:

Performance guarantees, bid bond guarantees, and maintenance guarantees have been excluded, not being part of the financial guarantees stipulated in the new accounting standard.

The credit conversion factor (CCF) has not been used, and the calculation has been performed based on the ceilings. Meanwhile, a study will be conducted on the ceilings utilization percentage for unfunded facilities (LGs, LCs, etc.), which will then be applied to the unfunded facilities ceilings.

• Approved but Unutilized Ceilings:

Adopting the proposed methodology (the balance or the outcome of multiplying the ceiling by 72%, whichever is higher) in the calculation of ECL.

• Loss Given Default (LGD):

The standard haircut approach ratios are adopted according to the requirements of the Central Bank of Jordan. At the same time, the credit mitigators are considered, including the secured and unsecured portions of the collateral when calculating the Loss Given Default for the first and second stages. For the third stage, after applying the standard haircut ratios, Loss Given Default is calculated on the secured portion at 45% and the unsecured portion at 80%.

2. Credit Portfolio (Retail Portfolio)

Exposure At Default (EAD):

- This item represents the balance of each sub-portfolio as in the reporting period plus interest. For stage (1) and (2), as for the balance subject to the calculation of expected credit losses for stage (3), represent the balance less interest in suspense and cash margins (if any).
- Facilities were divided within each sub-portfolio into unfunded facilities, unutilized ceilings, and loans of more than JD 250,000.

- **Measuring credit risk and expected credit loss on an aggregate basis:**

- The Bank's policy in determining the common elements in measuring the credit risk of the retail portfolio is in line with the instructions of the Central Bank of Jordan, which indicated in one of its items the product type. Thus, the retail portfolio has been divided into five sub-portfolios, depending on their product type, as follows:

1- Personal loans portfolio
2- Car loans portfolio
3- Real estate loans portfolio
4- Credit cards portfolio
5- Small enterprises portfolio (except for accounts exceeding JD250 thousand, considered as belonging to individuals) which will be included in the Bank's financial statements at the end of the year

• Funded Facilities:

The Annuity Repayment (monthly, quarterly, and semi-annual) has been adopted. This includes the Projected Cash Flows for each sub-portfolio based on the Interest Weighted Average and Maturity Weighted Average to determine the maturity of each sub-portfolio and then amortize the remaining payments of each sub-portfolio.

• Unutilized Ceilings:

- The expected credit losses have been calculated on customers' balances in the calculation period, except for the loans treated as ceilings.
- Face value has been used for housing loans (balance plus the unutilized portion of the loans not fully disbursed. For loans where payments have been made, the balance is adopted for calculating the expected credit losses).

• Loans Exceeding JD 250 thousand:

Loans of more than JD 250 thousands have been excluded from the retail portfolio.

The expected credit loss (ECL) is calculated in a manner similar to that applied to the corporate portfolio based on the Projected Cash Flows for each customer.

A risk rate of (-5) has been applied. Moreover, the expected credit loss has been calculated for 12 months, or for the lifetime of the loan, based on the customer's classification (Stage I / Stage II). Meanwhile, these loans will be assessed through the internal rating systems for both individuals and companies in the future (in accordance with the approved work plan).

Loss Given Default (LGD):

- A simple approach has been adopted for calculating LGD for the facilities within each sub-portfolio (Simple LGD approach)
- A haircut has been applied on collaterals within each sub-portfolio according to the ratios implemented in the corporate portfolio, in line with the regulations of Central Bank of Jordan and Basel III.
- The following equation has been applied to calculate facility-level LGD for Stage I and Stage II as follows:(Exposure after Mitigation / Exposure before Mitigation * 45%).
- With regard to the Stage II, and after implementing the standard haircut rates, losses are calculated when the secured portion is 45% and the unsecured portion is 80%.
- To calculate LGD ratio at the level of each sub-portfolio, the LGD Weighted Average is calculated.

Probability of Default (PD):

Historical data has been used for five years from 2012 to 2016 for calculating the ODR at the level of each sub-portfolio.

3. Investment Portfolio

Probability of Default (PD):

- The probability of default for 12 months (12-month PD) is extracted from Bloomberg system for the issuer and the country of risk, using the following functions:
  - DRSK for public companies: The Accuracy Ratio is 92.43% for non-financial companies and 91.78% for financial companies.
  - SRSK for countries: The Accuracy Ratio for countries is 89%.

- The 12-month PDs extracted from DRSK and SRSK functions are based on structural models which take into account several variables:
  - The nature of the sector, the assets growth rates, and market fluctuations when calculating PD for corporates.
  - The prevailing political situation, countries' financial and economic performance, GDP growth, and non-performing loans in the banking sector, foreign currency reserves, etc. according to the forecasts of the International Monetary Fund and World Bank when determining a sovereign PD.

Therefore, the PD represents the current situation (Point-in-Time PD) and reflects only the corporates PD without taking into account the country of risk factor (Standalone PD).

- As a result, the PD for each issue has been adjusted by using the ceiling of the probability of risk for the country of risk at minimum for calculating PD, so that the PD of any issue will not be lower than its country of risk PD.
- In order to apply the PD floor to the exposures on various banks, the following approach is adopted:
– If the exposure is on a foreign bank, and the exposure is in any currency other than the local currency of the foreign bank's country, then the higher PD of either the foreign bank's country or the foreign bank shall be adopted. Otherwise, if the exposure on a foreign bank is in the local currency of the bank's country, then the PD of the bank itself shall be adopted (i.e., the ceiling of the country's PD shall not be used at minimum).

- If the PD results extracted from Bloomberg system do not represent the actual reality of market expectations (i.e., the implied PD of the market derived from the Credit Default Swap "CDS' and / or the Market Asset Swap "ASW") for the issuer, the market PD obtained from a high liquidity issue / security for the same issuer shall be adopted as a representative proxy according to the procedures for evaluating the risk factor of the investment portfolio .
- If the PD for the country of risk is not available, the Shadow Rating methodology prepared by the consulting company shall be adopted. On the other hand, if the PD of the issuer is not available, the PD of the country of risk shall be adopted as the issuer PD.
- The Jordan PD as a country of risk is considered as the PD of the issuer in the case of placements in money market (Term Deposits) with HBTF's branches as well as subsidiaries in which the Bank owns 50% or more of their capital.
- After that, the 12-month PD is adjusted to take into consideration the remaining life of exposure for any issue with a remaining maturity less than one year, according to the following equation:
- PDn= 1-((1-PD12-month)) ^ (n/12)) where (n) represents the remaining life in months (n <12)

Calculating PD for Jordanian Companies in JD (if PD for the issuer is not available)
- Risk rating is calculated based on Moody's Credit rating and then mapped to the relevant assigned PD.
- The assigned PD represents "Through-the-Cycle (TTC)", and thus calibrated according to the methodology developed by the consulting company in order to obtain (Point-in-Time "PIT" 12-month PD).
- The 12-month PD is then adjusted to take into account the remaining life of exposure for any issue with a remaining maturity less than one year, according to the above equation.

Loss Given Default (LGD):
The Recovery Rate (RR) is extracted from Bloomberg system for each issue using CDSW function, which is based on the ISDA Standard Model, where the LGD is calculated according to equation (LGD = 1-RR), as in the following table:

Markets	Senior Unsecured	Subordinated
Developed markets	RR= 40%, LGD= 60%	RR= 20%, LGD= 80%
Emerging markets	RR= 25%, LGD= 75%	RR=25%, LGD= 75%

For secured securities, the Haircut-Based Approach is considered along with the limits per the IRB in order to determine the LGD (as per the procedures approved for the credit portfolio).

Exposure at Default (EAD):

- EAD = Accrued Interest to Date + Present Value (Face Value + Expected 1 Year Interest)
- Accrued interest to date is calculated or extracted from Bloomberg system.
- The expected interest for the remaining life of exposure is calculated up to a maximum of one year using the coupon for fixed rate bonds. As for floating rate bonds that pay LIBOR plus a fixed spread, LIBOR is projected over a 1-year period and added to the fixed spread for the calculation of expected interest.
- The Discount Rate used to calculate the Present Value represents the Effective Interest Rate (EIR).

Expected Credit Loss (ECL):

The expected credit loss (ECL) is calculated according to the following equation:

ECL = PD*LGD*EAD

• Calculation of ECL for (FX Derivatives - Off Balance Sheet):

- The Peak Exposure and the Time to Peak Exposure are extracted from Bloomberg system using SWPM function, which are calculated based on the Monte Carlo Simulation.

- Present Value is calculated for the peak exposure based on the following:
  - The Discount Period represents the time to peak extracted from Bloomberg system.
  - The Discount Rate represents the Risk-Free Rate of the currency of exposure at the time – to – peak maximum to one-year limit.

The expected credit loss (ECL) is calculated according to the following equation:
ECL = PD*LGD*Peak Exposure (EAD).

- Key macroeconomic factors used by the Bank in calculating expected credit losses (ECL)
- Corporate portfolio

Portfolio	Macroeconomic Factor
Large Corporates	- Industrial Production – Rate of change Lag 4. - Volume of imports of goods and services (Percentage Change) – 3-quarter moving average Lag 4. - Total investment – Rate of Growth (Percentage of GDP) Lag 2.
Medium Enterprises	- Volume of imports of goods and services (Percentage Change). - Volume of exports of goods (Percentage Change) 6-quarter moving average Lag 4.

Retail portfolio

Pool Name	Stage I	Stage II
Auto Loan	- Volume of exports of goods (Percentage Change) 6-quarter moving average Lag 3.	- Volume of exports of goods (Percentage Change) 6-quarter moving average Lag 3.
Mortgage Loan	- Volume of exports of goods (Percentage Change) 6-quarter moving average Lag 1. - Industrial Production Index Lag 3	- GDP Annual Growth Lag 1. - Volume of exports of goods (Percentage Change) 6-quarter moving average Lag 3. - Government Revenue Lag 1.
Personal Loan	- Ease of Doing Business – 6-quarter moving average. - Industrial Production Index – 3- quarter moving average Lag 3	- GDP Annual Growth Lag 1
Small Business	- Volume of exports of goods (Percentage Change) 3-quarter moving average Lag 2.	- GDP Annual Growth – 3-quarter moving average Lag 1

Determinants of the significant change in the credit risk adopted by the Bank in the calculation of ECL

Credit portfolio

Classification	Standards
Stage I:	Accounts for which there has been no significant increase in credit risk or default indicators, as follows: - Performing accounts for which there are no dues or have dues less than 45 days (gradually reduced to 30 days over three years).
Stage II:	Accounts whose credit risk has significantly increased and have signs of default, as follows: - Accounts with dues more than 45 days or more and less than 90 days. - Accounts with two restrictions with 365 days. - Accounts classified as watch list. - Any accounts that require classification at this stage according to the directives of Management and the regulatory bodies.
Stage III:	Accounts that have become in default, as follows: - All non-performing loans and facilities according to the definition of non-performing loans mentioned in the CBJ regulations No. 47/2009 dated 10/12/2009, which are 90 days or more past due. - Accounts whose risk rating is (8, 9, 10) according to the Bank's credit rating. - Accounts with a scheduling flag.

The standard also states that if the quality of credit has improved, and sufficient and documented reasons are available to make it possible to transfer credit claims from stage III to stage II or from stage II to stage I, the transfer process must take place after verifying the improvement of the credit status of the claim and the commitment to repay three monthly installments, two quarterly installments or a semi-annual installment on time, so that the early payment of installments for the purpose of transferring debt to a better stage is not considered. For example, if an account is classified within stage III and the account is scheduled, the account must remain within stage III for three monthly installments, two quarterly installments, or one annual installment according to the repayment cycle of this facility before being transferred to stage II.

Investment portfolio

Financial Instrument	Standards
Investment Grade Instruments	- The credit rating of the instrument at the reporting date is downgraded by two notches below the investment grade since origination (BB); or - (The Implied Rating / 1-year Default Risk Rating) at the reporting date is downgraded to more than two notches below the investment grade since the date of the previous report (less than HY2 according to Bloomberg system).
High Yield Instruments	- The credit rating of the instrument at the reporting date is downgraded by two notches below its credit rating at the date of purchase; or - (The Implied Rating / 1-year Default Risk Rating) is downgraded by two notches below its implied rating since the date of the previous report.
Unrated Instruments	- According to Moody's Credit rating, the financial instrument is considered to be in stage II if its rating declines by more than 2 notches since origination.

Governance of the application of IFRS requirements
Board of Directors

- Providing appropriate governance structure and procedures to ensure the proper application of the standard by defining the roles of the committees and departments at the Bank; ensuring work integrity among them; and providing appropriate infrastructure in accordance with CBJ regulations and the standards related to the accounting standard.
- Approving any amendments to the results and outputs of the systems regarding the calculation and measurement of ECL and the variables to be calculated.
- Implementing business models through specifying the objectives and rules of classification of financial instruments, in order to ensure integration with other business requirements.
- Ensuring that the Bank's control units, specifically risk management and internal audit, perform all the work required to verify the validity and integrity of the methodologies and systems used in the application of IFRS 9 and providing the required support to these control units.
- Approving the final results of ECL calculation.

Risk Management Committee / Board of Directors

- Reviewing the Bank's risk management framework for the calculation of ECL.
- Reviewing the Bank's risk management strategy before it is approved by the Board.
- Supervising the efficiency and effectiveness of the calculation of ECL.

IFRS9 Steering Committee:

- Supervising the proper functioning of the project and ensuring compliance with the plan.
- Ensuring that key risks are identified and taking all necessary action to address them.
- Approving the recommendations of the project technical committee.
- Meeting, if necessary, with the Board of Directors and / or its committees to inform them about the situation.

The Technical Committee for Applying Ifrs9:

- Reviewing the methodology for assessing credit losses and the mechanism for calculating key components of credit losses (EAD, PD, LGD) and recommending their approval by the Board of Directors.
- Adopting the results of the annual review of the outputs of internal credit rating systems.
- Assessing the appropriateness of the economic variables used in the calculations and their impact on the item relating to the estimation of PD and the results of the calculation of ECL.
- Reviewing the internal and external audit notes related to the methodology for assessing the credit losses, the data used, and the calculation results, as well as supervising the development of the necessary corrective plans.
- Adopting an action plan for implementing the project in its various stages; identifying tasks, duties and responsibilities required from all departments; and supervising the completion of the project stages in accordance with the plan.
- Resolving all the problems and obstacles facing the Bank in applying the standard related to resources, policies, systems, data, etc.
- Addressing any new developments or requirements issued by the Central Bank of Jordan on the application of the standard and ensuring that all the requirements of the Central Bank are met.
- Discussing and approving the approaches and methodologies relating to the ECL calculation models.
- Adopting the results of analysis and evaluation of the companies' offers to provide services to the Bank, establish the accounting models, and purchase any systems for the standard compliance requirements; as well as submitting the recommendation to the project steering committee.

Audit Committee:

Verifying the adequacy of ECL / general bank risk reserve / provision for impairment of credit facilities provided by the Bank and ensuring their adequacy in all financial statements.

Risk Department:

- Developing a clear framework for ECL calculation.
- Reviewing the internal credit rating systems and the framework on an annual basis to keep abreast of any changes to the bases used in the calculation to ensure the accuracy of results.
- Calculating the ECL, classifying the customers according to the three stages on a quarterly basis in accordance with the accounting standard requirements and CBJ regulations, and informing the Executive Management Risk Committee of the calculation results.
- Making the necessary recommendations to the Executive Management Risk Committee regarding the customers whose classification has been changed because of override.
- Developing the indicators that contribute to monitoring the signs of credit default for customers to enhance the forward-looking principle regarding the assessment of credit risks and losses.
- Preparing the statements required by the Central Bank in cooperation with the concerned departments.
- Reviewing and approving the risk parameters in accordance with the approved policy and methodology.

Financial Management:

- Participating with the departments in the development and structure of business models to ensure that the Bank's financial assets are classified according to IFRS 9 principles.
- Participating in the calculation process with the concerned departments and reviewing the calculation results.
- Making the necessary reconciliation and journal entries and restrictions after the results are approved and verifying that all products have been included in calculation.
- Preparing the necessary disclosures in cooperation with the concerned departments in the Bank in accordance with the requirements of the Standard and CBJ regulations.

Internal Audit Department:

- Evaluating the ECL process to ensure the integrity of calculations and accuracy of results.
- Verifying the integrity of the models used in the calculation, both quantitatively and qualitatively, and informing the Bank's management, including the project's technical committee, of any concerns in this regard.
- Reviewing the general framework in relation to classification, measurement and hedge accounting to ensure compliance with the key principles of the standard.
- Conducting overall compliance on an annual basis with the methodologies and policies developed in the application of the standard.

1 - Credit Expousures Distributions

Internal Rating for the Bank	Category Classification According to (2009/47)	Total Exposure Value	Expected Credit Loss	Probability of Default	Exposure when Default (in Millions)	Average Loss on Default
		JD	JD	%	JD	%
1	Performing Loans	820,925,815	3,890	0.00%	830,751,395	5.63%
2	Performing Loans	1,857,873	152	0.00%	1,857,873	5.16%
-2	Performing Loans	60,942,394	11,225	0.02%	63,011,965	16.91%
+2	Performing Loans	4,706,525	602	0.01%	5,002,634	2.55%
3	Performing Loans	121,569,549	57,512	0.08%	138,220,480	12.53%
-3	Performing Loans	25,725,259	11,349	0.07%	30,466,271	14.83%
+3	Performing Loans	11,429,222	2,609	0.02%	16,573,233	11.93%
4	Performing Loans	100,206,361	153,233	0.43%	110,960,308	15.01%
-4	Performing Loans	147,462,073	310,428	0.52%	154,533,960	15.65%
+4	Performing Loans	55,670,430	80,110	0.14%	61,472,862	14.62%
5	Performing Loans	94,369,798	434,671	0.56%	98,968,442	17.18%
-5	Performing Loans	343,807,605	4,535,541	1.58%	369,122,659	15.98%
+5	Performing Loans	52,986,425	301,168	1.07%	64,385,271	13.17%
6	Performing Loans	42,429,292	1,039,102	2.67%	45,175,651	17.07%
-6	Performing Loans	264,775,884	18,119,094	3.19%	274,557,207	17.28%
+6	Performing Loans	31,170,018	692,280	4.28%	32,195,468	10.02%
7	Performing Loans	119,021,795	44,589,138	5.96%	124,648,844	15.91%
-7	Performing Loans	41,172,276	15,414,702	12.79%	41,295,321	17.52%
+7	Performing Loans	50,098,031	7,663,603	8.84%	50,496,645	15.70%
9	Performing Loans	2,654	2,123	12.50%	2,654	10.00%
10	Performing Loans	401,731	308,932	12.50%	401,731	10.00%
Unrated	Performing Loans	1,963,983,098	32,783,846	3.34%	1,929,359,288	13.76%
		4,354,714,108	126,515,310		4,443,460,162	
8	Substandard Debt	2,681,759	1,330,749	100%	2,504,721	53.13%
Unrated	Substandard Debt	15,279,591	7,663,507	100%	13,465,455	56.91%
9	Doubt full Debts	14,843,773	8,236,370	100%	14,692,633	56.06%
Unrated	Doubt full Debts	15,558,681	8,280,534	100%	14,376,513	57.60%
10	Bad Loans	150,572,848	64,974,918	100%	144,237,248	45.05%
Unrated	Bad Loans	91,933,935	74,830,960	100%	83,038,198	90.12%
		290,870,587	165,317,038		272,314,768,00	
Total		**4,645,584,695**	**291,832,348**		**4,715,774,930**	

The above exposures are not rated by external rating institutions.

2. Credit risk according to economic sectors:

a. Distributions according to financial instuments exposure:

	Financial	Industrial	Trading	Real Estate	Agriculture	Equities	Individuals	Government and Public	Other	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	1,039,140,400	-	-	-	-	-	-	-	-	1,039,140,400
Balances at banks and financial institutions	552,436,392	-	-	-	-	-	-	-	-	552,436,392
Deposits at banks and financial institutions	37,578,850	-	-	-	-	-	-	-	-	37,578,850
Credit facilities	146,996,585	458,327,179	552,012,500	1,115,162,491	15,669,673	6,959,336	724,708,057	892,151,696	343,367,229	4,255,354,746
Bonds and bills:										
Within: Financial assets through profit and loss	-	-	-	-	-	-	-	66,271	-	66,271
Within: Financial assets at fair value through other comprehensive income	261,799,615	-	13,777,753	-	-	-	-	74,449,929	-	350,027,297
Within: Financial assets at amortized cost	-	-	46,369,872	-	-	-	-	1,440,433,115	-	1,486,802,987
Derivatives	-	-	-	-	-	-	-	-	-	-
Mortgaged financial assets (liabilities)	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total for the year	**2,037,951,842**	**458,327,179**	**612,160,125**	**1,115,162,491**	**15,669,673**	**6,959,336**	**724,708,057**	**2,407,101,011**	**343,367,229**	**7,721,406,943**
Letter of guarantees	-	-	189,991,327	-	-	-	-	-	-	189,991,327
Letter of credit	-	-	398,223,381	-	-	-	-	-	-	398,223,381
Other liabilities	-	-	100,622,696	-	-	-	-	-	-	100,622,696
Total	**2,037,951,842**	**458,327,179**	**1,300,997,529**	**1,115,162,491**	**15,669,673**	**6,959,336**	**724,708,057**	**2,407,101,011**	**343,367,229**	**8,410,244,347**

b. Distribution of exposures according to staging (IFRS 9)

	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Financial	2,025,558,196	378,644	11,402,810	-	612,192	2,037,951,842
Industrial	229,352,979	148,260,032	53,297,804	18,119,449	9,296,915	458,327,179
Trading	1,050,775,719	173,449,909	98,823,240	8,248,503	(30,299,842)	1,300,997,529
Real Estates	251,933,724	696,564,554	110,582,509	31,375,227	24,706,477	1,115,162,491
Agriculture	11,634,664	332,499	2,565,986	257,379	879,145	15,669,673
Equity	1,600,275	1,356,787	778,297	-	3,223,977	6,959,336
Individual	44,240,166	637,359,950	7,314,706	25,366,918	10,426,317	724,708,057
Government and public sector	2,381,985,409	-	25,115,602	-	-	2,407,101,011
Other	281,138,303	29,187,742	26,672,730	3,480,624	2,887,830	343,367,229
Total	**6,278,219,435**	**1,686,890,117**	**336,553,684**	**86,848,100**	**21,733,011**	**8,410,244,347**

3. Exposure distribution according to geographical distribution

a. Total exposure distribution according to geographic region:

	Inside Jordan	Other Middle East Countries	Europe	Asia	Africa	America	Other Countries	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	1,039,140,400	-	-	-	-	-	-	**1,039,140,400**
Balances at banks and financial institutions	104,864,681	70,260,713	238,400,549	5,296,256	67,893	128,939,539	4,606,761	**552,436,392**
Deposits at banks and financial institutions	29,971,888	4,457,234	3,149,728	-	-	-	-	**37,578,850**
Credit facilities	3,976,714,793	124,040,034	154,599,919	-	-	-	-	**4,255,354,746**
Bonds and bills:					-			
Within: Financial assets through profit and loss	66,271	-	-	-	-	-	-	**66,271**
Within: Financial assets at fair value through other comprehensive income	153,465,545	35,933,465	17,316,081	19,926,890	14,602,060	99,183,214	9,600,042	**350,027,297**
Within: Financial assets at amortized cost	1,444,518,765	38,006,777	-	2,146,482	-	-	2,130,963	**1,486,802,987**
Derivatives	-	-	-	-	-	-	-	**-**
Mortgaged financial assets (liabilities)	-	-	-	-	-	-	-	**-**
Other assets	-	-	-	-	-	-	-	**-**
Total for the year	**6,748,742,343**	**272,698,223**	**413,466,277**	**27,369,628**	**14,669,953**	**228,122,753**	**16,337,766**	**7,721,406,943**
Letter of guarantees	156,641,158	23,140,879	10,209,290	-	-	-	-	**189,991,327**
Letter of credit	350,294,558	44,781,293	-	2,018,183	443,086	686,261	-	**398,223,381**
Other liabilities	72,902,384	27,720,312	-	-	-	-	-	**100,622,696**
Total	**7,328,580,443**	**368,340,707**	**423,675,567**	**29,387,811**	**15,113,039**	**228,809,014**	**16,337,766**	**8,410,244,347**

b. Exposure distribution according to staging (IFRS 9)

	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Inside Jordan	5,020,751,947	219,036,608	326,500,745	27,028,100	52,005,477	**5,645,322,877**
Other Middle Easte in countries	758,770,994	1,117,844,870	10,052,937	57,751,293	(32,443,618)	**1,911,976,476**
Eurpoe	301,300,329	272,795,529	-	2,068,710	2,171,150	**578,335,718**
Asia	12,784,782	11,964,766	-	-	-	**24,749,548**
Africa	11,162,551	3,525,653	-	-	-	**14,688,204**
America	173,327,522	45,415,704	-	-	-	**218,743,226**
Other Countries	121,311	16,306,987	-	-	-	**16,428,298**
Total	**6,278,219,435**	**1,686,890,117**	**336,553,682**	**86,848,103**	**21,733,009**	**8,410,244,347**

4. Credit exposures that have been reclassified

a. Total credit exposures that have been reclassified

	Stage (2)		Stage (3)		Total Exposure that have been Reclassified	Percentage of Exposure that have been Reclassified
	Total Exposure Amount	Exposure that have been Reclassified	Total Exposure Amount	Exposure that have been Reclassified		
	JD	JD	JD	JD	JD	%
Balances at central Banks	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-
Deposits at banks and financial institutions	-	-	-	-	-	-
Credit facilities	478,361,054	215,904,677	303,583,673	66,922,209	282,826,886	6.09%
Bonds and bills:	10,805,623	4,216,980	3,000,000	-	4,216,980	0.23%
Within: Financial assets through profit and loss	-	-	-	-	-	-
Within: Financial assets at fair value through other comprehensive income	10,805,623	4,216,980	-	-	4,216,980	1.13%
Within: Financial assets at amortized cost	-	-	3,000,000	-	-	-
Derivatives	-	-	-	-	-	-
Mortgaged financial assets (liabilities)	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total	**489,166,677**	**220,121,657**	**306,583,673**	**66,922,209**	**287,043,866**	**4.41%**
Letter of guarantees	27,429,099	28,118,751	8,332,122	4,430,930	32,549,681	15.33%
Letter of credit	4,498,759	257,889	37,082	-	257,889	0.06%
Other liabilities	248,254	163,939	-	-	163,939	0.16%
Total	**32,176,112**	**28,540,579**	**8,369,204**	**4,430,930**	**32,971,509**	**4.61%**
Net Total	**521,342,789**	**248,662,236**	**314,952,877**	**71,353,139**	**320,015,375**	**5.58%**

b. Expected credit loss for exposures that have been reclassified

Description	Exposures that have been reclassified			Expected credit loss due to reclassified exposures				
	Exposure Reclassified from Stage (2)	Exposure Reclassified from Stage (3)	Total	Stage (2)		Stage (3)		Total
				Individual	Collective	Individual	Collective	
	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	-	-	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-	-	-
Deposits at banks and financial institutions	-	-	-	-	-	-	-	-
Credit facilities	215,904,677	66,922,209	282,826,886	1,588,052	2,132,589	6,411,312	-	10,131,953
Bonds and bills:	4,216,980	-	4,216,980	30,174	-	-	-	30,174
Within: Financial assets through profit and loss	-	-	-	-	-	-	-	-
Within: Financial assets at fair value through other comprehensive income	4,216,980	-	4,216,980	30,174	-	-	-	30,174
Within: Financial assets at amortized cost	-	-	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-	-	-
Mortgaged financial assets (liabilities)	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Total	**220,121,657**	**66,922,209**	**287,043,866**	**1,618,226**	**2,132,589**	**6,411,312**	**-**	**14,348,932**
Letter of guarantees	28,118,751	4,430,930	32,549,681	494,999	2,688	46,936	-	544,623
Letter of credit	257,889	-	257,889	1,220	3,768	-	-	4,988
Other liabilities	163,939	-	163,939	23	668	-	-	691
Total	**28,540,579**	**4,430,930**	**32,971,509**	**496,242**	**7,124**	**46,936**	**-**	**66,493,320**
Net Total	**248,662,236**	**71,353,139**	**320,015,375**	**2,114,468**	**2,139,713**	**6,458,248**	**-**	**76,655,447**

5- Credit Risk Exposures (after provision for impairment, outstanding interest and before collateral and other risk mitigants):

	December 31,	
	2018	2017
	JD	JD
Financial Position Items		
Balances at central banks	1,039,140,400	1,088,004,244
Balances at banks and financial institutions	552,436,392	494,547,239
Deposits at banks and financial institutions	37,578,850	38,122,776
Credit facilities:		
Individual	718,389,976	721,272,185
Real estate mortgages	1,144,604,297	1,176,418,369
Corporates		
Large corporates	1,245,612,098	1,156,517,754
SME's	255,003,493	310,490,172
Government and Public Sector	891,744,882	843,684,942
Bonds and bills		
Within: Financial assets through profit and loss	66,271	240,688
Within: Financial assets at amortized cost	1,486,802,987	1,781,141,993
Within: Financial assets at fair value through other comprehensive income	350,027,297	-
Total	**7,721,406,943**	**7,610,440,362**
Items off-statement of financial Position		
Letter of guarantees	398,223,381	504,490,728
Letter of credit	189,991,327	586,191,483
Un-utilized facilities ceilings	100,622,696	394,402,480
Total	**688,837,404**	**1,485,084,691**
Net Total	**8,410,244,347**	**9,095,525,053**

The above table represents the maximum credit exposure of the Bank as of December 31, 2018 and 2017 without taking into account collateral or other credit risk mitigators.

The relative distribution of exposures is as follows:
- 19.37% of total exposures are due to balances with central banks and banks and financial institutions (2017: 17.8%).
- 50.60% of the total exposure is due to loans and advances (2017: 46.3%).
- 21.79% of the total exposure resulted from investments in bonds, debentures, and funds (2017: 19.6%).
- 8.19% of total exposure resulted from off-balance sheet items and other items (2017: 16.3%).

Rescheduled Loans

These represent loans previously classified as non-performing loans and reclassified as other than non-performing loans according to proper scheduling to watch list during the year 2018. Moreover, they amounted to JD 19.4 million as of the current year against JD 18.9 million as of the previous year.

The scheduled debt balance represents the debt that was scheduled whether classified under watch list or transferred to performing.

Restructured Loans

Restructuring means rearranging the status of operating credit facilities in terms of adjusting premiums, prolonging the life of credit facilities, postponing some installments, or extending the grace period, based on customer cash flows and helping them meet their obligations towards the Bank. The value of these loans amounted to about JD 464.6 million in 2018 against JD 370.1 million at the end of the previous year.

6. Debt Securities and Treasury Bills

The Schedule below shows the distribution of bonds and bills according to the international agencies classification (classification institution S&P):

Rating grade	2018			
	Financial assets at fair value through P&L	Other Financial assets through OCI	Other Financial assets at amortized cost	Total
	JD	JD	JD	JD
AAA	-	-	-	-
AA+	-	-	-	-
AA	-	9,989,345	-	9,989,345
AA-	-	5,641,509	-	5,641,509
A+	-	10,905,788	-	10,905,788
A	-	10,392,842	-	10,392,842
A-	-	38,721,457	4,278,162	42,999,619
BBB+	-	30,355,574	-	30,355,574
BBB	-	3,510,489	-	3,510,489
BBB-	-	9,776,229	-	9,776,229
BB+	-	1,759,135	-	1,759,135
BB	-	3,591,617	-	3,591,617
BBB-	-	-	-	-
B+	-	-	-	-
B	-	4,019,684	-	4,019,684
B-	-	-	-	-
CCC-	-	-	-	-
C	-	-	-	-
Un-rated	-	-	92,442,402	92,442,402
Governmental or government guarantee	66,271	221,629,969	1,390,158,993	1,611,855,233
Total	**66,271**	**350,293,638**	**1,486,879,557**	**1,837,239,466**

Market Risk

Market risk is defined as the risk of fluctuation in fair value or cash flows of financial assets arising from changes in market prices, which are divided into four major categories: interest rate risks, foreign currency risks, equity instruments risks, and commodities risks.

Market risk is monitored through specialized committees and certain business centers.

Market risk is measured and monitored through sensitivity analysis and VAR, using a 99% confidence level according to Basel II policies and stop loss limits; monitoring risk limits; and submitting periodic reports.

Sensitivity analysis is based on estimating the loss risk in fair value due to changes in interest rate and foreign currencies exchange rate. Moreover, fair value is calculated according to the current value of future money flows that will be affected by price changes.

1. Interest rate risk:

This risk arises from changes in market interest rates. In this regard, the Bank manages interest rate risk by applying sensitivity analysis for the interest rate sensitive instruments designated at fair value through the income statement by shifting the yield curve a parallel shift of ±1%.

	Effect of increasing interest rate by 1% on the consolidated income statement	Effect of decreasing interest rate by 1% on the consolidated income statement	Effect of increasing interest rate by 1% on equity	Effect of decreasing in interest rate by 1% on equity
Sensitivity Analysis 2018				
US Dollars	(78)	78	(56)	56
Sensitivity Analysis 2017				
US Dollars	(3,131)	3,131	(2,178)	2,178

2. Foreign Exchange risk:

This risk arises from changes in foreign exchange rates that might have an impact on the Bank's assets and liabilities held in foreign currency. The Bank manages the exchange rate risk by applying sensitivity analysis to the Bank's net foreign currencies positions by shifting the exchange rate ± 1% on net profit and loss and shareholders' equity.

Currency	Effect of increasing exchange rate currency by 1% on the consolidated income statement	Effect of decreasing exchange rate currency by 1% on the consolidated income statement	Effect of increasing exchange rate currency by 1% on equity	Effect of decreasing exchange rate currency by 1% on equity
	JD	JD	JD	JD
Sensitivity Analysis 2018				
Euro	25,461	(25,461)	18,233	(18,233)
Sterling Pound	538,833	(538,833)	385,858	(385,858)
Austrlian Dollar	96	(96)	69	(69)
Swiss Frank	1,431	(1,431)	1,025	(1,025)
Canadian Dollar	4	(4)	3	(3)
Japanese Yen	1,185	(1,185)	848	(848)
Syrian Lira	31,711	(31,711)	22,708	(22,708)
Algerian Dinar	1,052,465	(1,052,465)	753,670	(753,670)
Sensitivity Analysis 2017				
Euro	47,130	(47,130)	32,779	(32,779)
Sterling Pound	543,584	(543,584)	378,063	(378,063)
Austrlian Dollar	(238)	238	(165)	165
Swiss Frank	514	(514)	358	(358)
Canadian Dollar	(75)	75	(52)	52
Japanese Yen	998	(998)	694	(694)
Syrian Lira	29,822	(29,822)	20,741	(20,741)
Algerian Dinar	994,149	(994,149)	691,430	(691,430)

3. Equity Price Risk:

This risk arises from changes in the prices of equity instruments within the Bank's financial assets at fair value through the statement of income and/or financial assets at fair value through other comprehensive income. The Bank manages the share price risk by applying the VAR methodology calculated based on the historical prices of equity instruments for a confidence level of 99% for one day for each company separately. The VAR was then calculated for the Bank's portfolio.

Sensitivity Analysis VAR 2018	VAR
	JD
Financial assets at fair value through the statement of income	(156,856)
Financial assets at fair value through other comprhesive income	(1,099,196)
Sensitivity Analysis VAR 2017	
Financial assets at fair value through the statement of income	(1,046,041)
Financial assets at fair value through other comprhesive income	(99,592)

Interest Rate Re-pricing Gap:

Classification is done according to interest re-pricing or maturity, whichever is closer:

For the Year 2018	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 Months to 1 Year	1 to 3 Years	Over 3 Years	Non-Interest Bearing Items	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Assets								
Cash and balances at central banks	419,355,373	-	-	-	-	-	763,062,333	**1,182,417,706**
Balances at banks and financial institutions	388,258,754	121,888,720	-	-	-	-	42,288,918	**552,436,392**
Deposits at banks and financial institutions	-	-	10,572,213	27,006,637	-	-	-	**37,578,850**
Financial Assets through profit and loss	632,797	-	-	66,271	-	-	3,036,343	**3,735,411**
Credit facilities - Net	697,582,758	862,096,418	661,120,237	1,086,478,119	644,893,118	296,031,303	7,152,793	**4,255,354,746**
Financial assets at fair value through other comprehensive income	21,340,687	25,202,743	45,151,451	34,917,518	196,906,610	26,517,733	21,966,620	**372,003,362**
Financial assets at amortized cost	10,113,560	33,170,262	119,242,304	46,385,071	1,235,366,288	42,525,502	-	**1,486,802,987**
Property and equipment	-	-	-	-	-	-	186,565,718	**186,565,718**
Intangible assets - net	-	-	-	-	-	-	23,628,921	**23,628,921**
Deferred tax assets	4,009,481	-	582,308	-	-	-	118,567,610	**123,159,399**
Other assets	-	-	-	-	-	-	76,354,109	**76,354,109**
Total Assets	**1,541,293,410**	**1,042,358,143**	**836,668,513**	**1,194,853,616**	**2,077,166,016**	**365,074,538**	**1,242,623,365**	**8,300,037,601**
Liabilities								
Banks and financial institutions deposits	269,097,451	75,347,202	177,094,254	40,925,395	-	-	52,744,257	**615,208,559**
Customers' deposits	1,144,691,667	896,215,822	537,670,712	369,193,501	184,440,789	9,252,071	2,732,296,293	**5,873,760,855**
Margin accounts	103,348,774	84,449,545	19,528,502	28,405,951	8,299,697	4,680,780	38,273,027	**286,986,276**
Loans and Bowring's	-	1,230,966	56,357,193	33,853,727	27,509,644	6,907,458	-	**125,858,988**
Sundry provisions	-	-	-	-	-	-	53,814,157	**53,814,157**
Income tax provision	-	-	-	-	-	92,819	49,660,175	**49,752,994**
Deferred tax liabilities	-	-	-	-	-	-	4,141,270	**4,141,270**
Other liabilities	87,517	60,131	99,895	153,605	-	-	210,019,780	**210,420,928**
Total Liabilities	**1,517,225,409**	**1,057,303,666**	**790,750,556**	**472,532,179**	**220,250,130**	**20,933,128**	**3,140,948,959**	**7,219,942,027**
Interest rate re-pricing gap	**24,068,001**	**(14,945,523)**	**45,917,957**	**722,321,437**	**1,856,915,886**	**344,141,410**	**(1,898,325,594)**	**1,080,093,574**
For the Year 2017								
Total Assets	**1,423,875,109**	**1,144,968,497**	**744,238,747**	**1,416,585,372**	**1,872,814,649**	**317,873,567**	**1,220,584,226**	**8,140,940,167**
Total Liabilities	**1,499,511,412**	**2,235,617,522**	**566,733,148**	**448,756,707**	**224,972,262**	**9,746,066**	**2,039,372,689**	**7,024,709,806**
Interest rate re-pricing gap	**(75,636,303)**	**(1,090,649,025)**	**177,505,599**	**967,828,665**	**1,647,842,387**	**308,127,501**	**(818,788,463)**	**1,116,230,361**

Concentration of Foreign Currency Risk:

Classification is done according to interest re-pricing or maturity, whichever is closer:

Currency / Items	US Dollar	Euro	Sterling Pound	Japanese Yen	Syrian Lira	Algerian Dinar	Other	Total
2018	**JD**	**JD**	**JD**	**JD**	**JD**	**JD**	**JD**	**JD**
Assets								
Cash and balances at central banks	251,008,079	56,157,474	229,813	578	73,848,408	122,452,553	63,154,235	566,851,140
Balances at banks and financial institutions	412,543,938	47,868,532	11,308,434	892,280	107,756	1,471,036	29,505,852	503,697,828
Deposits at banks and financial institutions	2,937,784	4,669,178	-	-	-	-	-	7,606,962
Credit facilities - Net	534,185,825	3,792,376	151,625,234	5,527,719	34,702,812	274,638,332	145,592,500	1,150,064,798
Financial assets through profit and loss	699,068	-	-	-	-	-	-	699,068
Financial assets at fair value through other comprehensive income	186,089,187	17,900,906	4,491,598	-	-	-	-	208,481,691
Financial assets at amortized cost	396,760,594	-	-	-	-	1,494,650	-	398,255,244
Property and equipment	-	-	781,988	-	3,810,083	1,613,899	445,237	6,651,207
Intangible assets - net	-	-	6,096,215	-	29,330	2,710,408	368,837	9,204,790
Deferred tax assets	-	788,134	139,721	-	9,533	-	936,271	1,873,659
Other assets	4,941,086	596,902	614,997	948	885,393	14,193,660	3,794,710	25,027,696
Total Assets	**1,789,165,561**	**131,773,502**	**175,288,000**	**6,421,525**	**113,393,315**	**418,574,538**	**243,797,642**	**2,878,414,083**
Liabilities								
Banks and financial institutions deposits	465,513,688	10,134,383	24,976,328	42,190	4,553,111	-	11,554,601	516,774,301
Customers' deposits	1,355,348,584	111,066,487	52,553,223	736,707	99,619,573	148,210,941	163,485,067	1,931,020,582
Margin accounts	107,952,607	17,867,850	211,230	5,517,244	3,118,499	44,977,872	13,000,230	192,645,532
Sundry provisions	394,755	43,855	-	-	16,507,232	-	350,505	17,296,347
Income tax provision	-	-	102,567	-	876,563	2,521,734	-	3,500,864
Other liabilities	12,824,144	740,585	2,646,453	-	5,528,845	104,191,457	7,216,306	133,147,790
Total Liabilities	**1,942,033,778**	**139,853,160**	**80,489,801**	**6,296,141**	**130,203,823**	**299,902,004**	**195,606,709**	**2,794,385,416**
Net Financial Position Items	**(152,868,217)**	**(8,079,658)**	**94,798,199**	**125,384**	**(16,810,508)**	**118,672,534**	**48,190,933**	**84,028,667**
Off-financial position Contingent Liabilities	**661,855,831**	**352,948,519**	**28,144,857**	**3,340,258**	**11,802,885**	**104,922,310**	**54,902,154**	**1,217,916,814**
2017								
Total Assets	**1,574,868,429**	**106,077,558**	**181,492,607**	**775,373**	**92,504,507**	**413,639,097**	**239,573,755**	**2,608,931,326**
Total Liabilities	**1,568,696,760**	**117,457,941**	**80,642,108**	**675,094**	**105,826,090**	**294,845,282**	**195,201,387**	**2,363,344,662**
Net Financial Position Items	**6,171,669**	**(11,380,383)**	**100,850,499**	**100,279**	**(13,321,583)**	**118,793,815**	**44,372,368**	**245,586,664**
Off-financial position Contingent Liabilities	**552,881,364**	**412,832,396**	**27,096,350**	**1,052,878**	**5,690,134**	**119,506,855**	**44,052,277**	**1,163,112,254**

Liquidity Risk

Liquidity risk is defined as the Bank's failure to provide the required funding to cover its obligations at their respective due dates.

Liquidity risk is managed through the following:

- Analyzing cash inflow for all assets and liabilities.
- Preparing stress scenarios for liquidity risk.
- Evaluating and monitoring concentration and fluctuation in financing sources.
- Assessing the Bank's ability to borrow and finance its activities.
- Monitoring the compliance with the approved policies and the instructions of the Central Bank of Jordan in this regard.
- Submitting periodic reports to higher management on the level of liquidity risk at the Bank.

Sources of Funds:

The Bank works to diversify its sources of funds including geographical sectors, currencies, customers, facilities, and conditions in order to attain financial flexibility and lower financing costs, in addition to maintaining stable financing sources. The Bank has a large customer base of individuals and corporations with varying deposit accounts, of which 61% are stable and dominated in Jordanian dinars.

The following table illustrates the distribution of the liabilities (un-discounted) on the basis of the remaining period from the date of the consolidated financial statements until the date of contractual maturity.

2018	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 Months to 1 Year	1 to 3 Years	Over 3 Years	Bearing Items	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Liabilities:								
Banks and financial institutions deposits	269,252,182	75,520,501	178,010,717	41,348,973	-	-	52,744,257	616,876,630
Customers' deposits	1,145,631,268	899,158,397	541,642,754	374,648,335	191,707,756	9,798,868	2,732,296,293	5,894,883,671
Margin accounts	103,413,367	84,660,669	19,638,350	28,725,518	8,548,688	4,891,415	38,273,027	288,151,034
Loans and borrowings	-	1,240,752	57,365,282	35,064,844	30,134,064	7,895,915	-	131,700,857
Sundry provisions	-	-	-	-	-	-	53,814,157	53,814,157
Income tax provision	-	-	-	-	-	92,819	49,660,175	49,752,994
Deferred tax liabilities	-	-	-	-	-	-	4,141,270	4,141,270
Other liabilities	87,517	60,131	99,895	153,605	-	-	210,019,780	210,420,928
Total Liabilities	**1,518,384,334**	**1,060,640,450**	**796,756,998**	**479,941,275**	**230,390,508**	**22,679,017**	**3,140,948,959**	**7,249,741,541**
Total Assets (According to their Expected Maturity)	**1,541,293,410**	**1,042,358,143**	**836,668,513**	**1,194,853,616**	**2,077,166,016**	**365,074,538**	**1,242,623,365**	**8,300,037,601**
2017								
Liabilities:								
Banks and financial institutions deposits	367,568,698	31,982,493	77,402,039	65,891,950	-	-	-	542,845,180
Customers' deposits	801,766,291	304,348,149	267,794,761	206,881,751	1,539,920,574	1,369,540,446	1,461,211,225	5,951,463,197
Margin accounts	57,811,816	51,973,600	22,751,638	43,867,652	34,430,819	47,740,866	12,141,892	270,718,283
Loans and Bowring's	-	15,680,598	18,864,137	25,760,921	59,543,000	-	-	119,848,656
Sundry provisions	127,817	255,634	383,451	766,901	3,067,605	18,405,627	32,277,655	55,284,690
Income tax provision	13,688,282	-	20,532,424	-	12,300,042	-	3,988,571	50,509,319
Deferred tax liabilities	-	-	-	-	2,185,858	-	-	2,185,858
Other liabilities	26,486,023	-	15,885,097	-	-	-	123,760,742	166,131,862
Total Liabilities	**1,267,448,927**	**404,240,474**	**423,613,547**	**343,169,175**	**1,651,447,898**	**1,435,686,939**	**1,633,380,085**	**7,158,987,045**
Total Assets (According to their Expected Maturity)	**1,608,760,411**	**686,614,371**	**422,819,865**	**823,754,993**	**2,674,622,009**	**1,355,814,723**	**568,553,795**	**8,140,940,167**

Off-financial position items:

2018	Up to 1 Year	1 - 5 Years	Over 5 Years	Total
	JD	JD	JD	JD
Letters of credit and acceptances	663,250,814	54,286,845	-	**717,537,659**
Un-utilized ceilings	361,347,137	24,900,644	311,497	**386,559,278**
Letters of guarantee	515,805,948	20,105,072	172,069	**536,083,089**
Total	**1,540,403,899**	**99,292,561**	**483,566**	**1,640,180,026**
2017				
Letters of credit and acceptances	608,260,119	73,109,252	-	**681,369,371**
Un-utilized ceilings	381,251,033	13,151,447	-	**394,402,480**
Letters of guarantee	552,306,689	33,884,794	-	**586,191,483**
Total	**1,541,817,841**	**120,145,493**	**-**	**1,661,963,334**

46. Fair Value Heirarchy

The following table analyzes the financial instruments recorded at fair value based on the valuation method, which is defined at different levels as follows:

- **Level 1:** List prices (unadjusted) for identical assets or liabilities in active markets.
- **Level 2:** Information other than the stated price included in level 1, which is monitored for the asset or liability, either directly (such as prices) or indirectly (i.e., derived from the prices).
- **Level 3:** Information on the asset or liability not based on those observed in the market (unobservable information).

December 31, 2018	Level 1	Level 2	Level 3	Total
	JD	JD	JD	JD
Financial assets:				
Financial assets at fair value through other comprehensive income	350,027,298	2,500,000	19,476,065	**372,003,363**
Financial assets at fair value through The statement of income	3,036,343	-	699,078	**3,735,421**
Total	**353,063,641**	**2,500,000**	**20,175,143**	**375,738,784**
December 31, 2017				
Financial assets				
Financial assets at fair value through other comprehensive income	-	-	1,983,995	**1,983,995**
Financial assets at fair value through The statement of income	5,393,714	16,006,164	-	**21,399,878**
Total	**5,393,714**	**16,006,164**	**1,983,995**	**23,383,873**

47. Fiduciary Accounts

Investment accounts managed on behalf of customers amounted to JD 624 thousands as of December 31, 2018 against JD 706 thousands as of December 31, 2017. These accounts are not included in the assets and liabilities of the Bank's financial statements. The management's commissions and fees on these accounts are recorded in the consolidated income statement.

48. Assets and Liabilities Expected Maturities

The following table illustates the assets and liabilities according to the expected maturity periods:

2018	Up to 1 Year	Over 1 Year	Total
	JD	JD	JD
Assets			
Cash and balances at central banks	999,823,351	182,594,355	**1,182,417,706**
Balances at banks and financial institutions	552,436,392	-	**552,436,392**
Deposits at banks and financial institutions	37,578,850	-	**37,578,850**
Financial Assets through profit and loss	3,102,614	632,797	**3,735,411**
Credit facilities - Net	1,604,613,305	2,650,741,441	**4,255,354,746**
Financial assets at fair value through other comprehensive income	112,293,471	259,709,891	**372,003,362**
Financial assets at amortized cost	200,226,807	1,286,576,180	**1,486,802,987**
Property and equipment	-	186,565,718	**186,565,718**
Intangible assets - net	-	23,628,921	**23,628,921**
Deferred tax assets	-	76,354,109	**76,354,109**
Other assets	41,616,411	81,542,988	**123,159,399**
Total Assets	**3,551,691,201**	**4,748,346,400**	**8,300,037,601**
Liabilities:			
Banks and financial institutions deposits	615,208,559	-	**615,208,559**
Customers' deposits	2,767,781,988	3,105,978,867	**5,873,760,855**
Margin accounts	210,953,480	76,032,796	**286,986,276**
Loans and borrowings	91,441,886	34,417,102	**125,858,988**
Sundry provisions	1,624,366	52,189,791	**53,814,157**
Income tax provision	38,526,746	11,226,248	**49,752,994**
Deferred tax liabilities	-	4,141,270	**4,141,270**
Other liabilities	57,164,098	153,256,830	**210,420,928**
Total Liabilities	**3,782,701,123**	**3,437,242,904**	**7,219,944,027**
Net	**(231,009,922)**	**1,311,103,496**	**1,080,093,574**

	Up to 1 Year	Over 1 Year	Total
2017	**JD**	**JD**	**JD**
Assets			
Cash and balances at central banks	1,076,514,557	172,632,211	**1,249,146,768**
Balances at banks and financial institutions	494,547,239	-	**494,547,239**
Deposits at banks and financial institutions	38,122,776	-	**38,122,776**
Financial Assets through profit and loss	3,893,713	17,506,165	**21,399,878**
Credit facilities - Net	1,497,217,104	2,711,166,318	**4,208,383,422**
Financial assets at fair value through other comprehensive income	-	1,983,995	**1,983,995**
Financial assets at amortized cost	412,185,034	1,368,956,959	**1,781,141,993**
Property and equipment	-	179,559,351	**179,559,351**
Intangible assets - net	-	25,083,022	**25,083,022**
Deferred tax assets	-	38,384,838	**38,384,838**
Other assets	19,469,217	83,717,668	**103,186,885**
Total Assets	**3,541,949,640**	**598,990,527**	**8,140,940,167**
Liabilities:			
Banks and financial institutions deposits	541,721,932	-	**541,721,932**
Customers' deposits	2,706,671,866	3,121,460,705	**5,828,132,571**
Margin accounts	175,566,940	91,039,849	**266,606,789**
Loans and borrowings	59,136,785	55,000,000	**114,136,785**
Sundry provisions	1,533,803	53,750,887	**55,284,690**
Income tax provision	38,209,277	12,300,042	**50,509,319**
Deferred tax liabilities	-	2,185,858	**2,185,858**
Other liabilities	42,371,120	123,760,742	**166,131,862**
Total Liabilities	**3,565,211,723**	**3,459,498,083**	**7,024,709,806**
Net	**(23,262,083)**	**1,139,492,444**	**1,116,230,361**

49. Contractual Commitments and Contingent Liabilities

This item consists of the following:

a. Credit commitments and contingent liabilities:

	December 31,	
	2018	2017
	JD	JD
Letters of credit	626,195,702	620,567,402
Acceptances	91,341,957	60,801,969
Letters of guarantee:		
Payment	148,607,423	121,941,953
Performance	138,713,291	134,023,651
Other	248,762,375	330,225,879
Unutilized direct credit facilities ceilings	386,559,278	394,402,480
Total	**1,640,180,026**	**1,661,963,334**

b. Contractual commitments:-

	December 31,	
	2018	2017
	JD	JD
Purchase of property and equipment contracts	2,312,978	8,908,773
Construction projects contracts	11,224,335	7,412,110
Other purchases contracts	7,096,284	6,993,254
Total	**20,633,597**	**23,314,137**

50. Lawsuits Raised by and against the Bank

Lawsuits raised against the Bank amounted to JD 33.2 million as of December 31, 2018 against JD 36.1 million as of December 31, 2017. In the opinion of the Bank's management and the Company's legal advisor, no material liabilities will arise from these lawsuits exceeding the related provision of JD 3,163,535 as of December 31, 2018.

The value of cases filed by the Bank against others amounted to approximately JD 365 million as of December 31, 2018 (JD 296 million as of December 31, 2017).

51. Comparative Figures

Some of the year 2017 figures have been reclassified to correspond with the year 2018 presentation without affecting the income and equity statements for the year 2017.

129

Branches in Jordan

GOVERNANCE REPORT

Bank's Commitment to Corporate Governance Regulations and Rules

By virtue of the Board of Directors' believe in the importance of Corporate Governance, the Board has adopted in 2008 a "Corporate Governance Code" that adopts and complies with the International best practices, the principles of the Organization for Economic Co-operation and Development (OECD), the Basel Committee on Banking Supervision, the instructions of CBJ, the two laws of Banking and Companies, and the regulations of Jordanian Securities Commission. In addition to disclosure and transparency regulations and instructions, and corporate governance rules issued by regulatory bodies.

The Code is reviewed, improved and amended periodically and continuously in order to keep abreast with changes in the banking market and updates in best practices. The Code can be accessed through the following link on the Bank's website:

https://www.hbtf.com/en/InvestorRelations/Lists/HBTFDocumentsInstance/دليل%20الحاكمية%20المؤسسية%20%20بنك%20الإسكان.pdf

In this regard, we assure our shareholders and regulators in Jordan and abroad, international rating agencies as well as our network of correspondents spread around the globe that the Bank is fully committed to applying best practices of good governance and management in all the Bank functions and operations, so that we remain a pioneering institution that seeks to support the welfare of communities not only in our homeland "Jordan" but also in all the countries where the Bank operates.

This report has been prepared to demonstrate the extent to which the Bank's management complies with the pillars of Corporate Governance as outlined in the Corporate Governance Code.

The Bank's Corporate Governance Officer

Corporate Governance Center Manager - Mrs. Hadeel Ibrahim

First Pillar: The Board of Directors and its committees

The Board of Directors consists of 13 members elected by the General Assembly of Shareholders by secret ballot and through proportional voting, which allows each shareholder the option to distribute the number of votes according to the number of shares he/she owns. The shareholder shall have the right to use the votes for one candidate or distribute them to more than one candidate. Each share has one vote without repeating these ballots. The Board has members with the appropriate mix of expertise and competencies, with four independent members and no executive members.

Decisions are made by the Board and its committees by a majority without any individual powers. The Chairman and the Vice-chairman are elected at the first Board of Directors meeting after their election by the General Assembly. There is a separation of mandates and duties between the positions of the Chairman and the CEO.

Board Responsibilities

The Board of Directors is committed to performing the responsibilities stipulated in the Corporate Governance Code and its Charter by continuously monitoring the Bank's performance and financial performance through monthly financial performance and periodic reports covering the Bank's main activities, progress in the strategic plan and budget, in addition to setting rules and regulations and adopting effective policies and procedures and internal controls to ensure risks mitigation and exposure, as well as giving due attention to risk management at the Bank and to addressing emergencies and crises and planning for it.

Current and Resigned Board Members and Representatives of the Board of Directors as of 31/12/2018

Name of Board Member	Date of Appointment	The Entity that the Member Represents	Classification
Mr. Abdelelah Moh'd Alkhatib	21/4/2016	Himself	Non-Executive, Independent
Mr. Abdulla Mubarak Al Khalifa	31/1/2008	Qatar National Bank	Non-Executive, Non-Independent
Mr. Yousef Mahmoud Al-Neama	31/1/2008	Qatar National Bank	Non-Executive, Non-Independent
Mr. Khalid Majid Al-Nuaimi	12/7/2015	Qatar National Bank	Non-Executive, Non-Independent
Mr. Ramzi Talat Mari	9/3/2014	Qatar National Bank	Non-Executive, Non-Independent
Mr. Fawzi Abdel Hameed AlMani	7/11/2016	Kuwait Real Estate Investment Consortium	Non-Executive, Non-Independent
Mr. Mohamed Najib Eljamal	9/12/2018	Libyan Foreign Bank	Non-Executive, Non-Independent
Mr. Ismail Abdalla El Mesallati	25/6/2012	Libyan Foreign Bank	Non-Executive, Non-Independent
Mr. Issam Abdallah Alkhatib	29/1/2018	Social Security Corporation / Jordan	Non-Executive, Non-Independent
Mr. Nidal Faeq Alqubaj	22/5/2016	Social Security Corporation / Jordan	Non-Executive, Non-Independent
Dr. Yaser Manna' Adwan	21/4/2016	Himself	Non-Executive, Independent
Mr. Fawzi Yousif Al-Hanif	23/4/2017	Himself	Non-Executive, Independent
Mrs. Shaikha Yousuf Al-Farsi	21/4/2016	Himself	Non-Executive, Independent

Name of the Resigned Board Member	Date of Resignation	The Entity that the Member Represents	Classification
Mr. Mohamed Mohamed Ben Yousef	7/10/2018	Libyan Foreign Bank	Non-Executive, Non-Independent
Mr. Fadi Khalid Al Alawneh	21/1/2018	Social Security Corporation / Jordan	Non-Executive, Non-Independent

Memberships Held by Members of the Board of Directors in Public Shareholding Companies

There are no memberships held by members of the Board of Directors in the Jordanian public shareholding companies.

Meetings of Board and its Committees

The meetings of the Board of Directors and its committees have complied in accordance with the schedule of meetings approved by the Board and prepared at the end of each year for the subsequent year. Proper and authentic minuting of all meetings, decisions, assignments, and follow up on the execution thereof via the secretary of the Board has been fully prepared and maintained.

The Board's Meetings

The Bank's Board of Directors held (8) meetings during 2018 as follows:

Board Members	Number of Times Attendance
Mr. Abdelelah Moh'd Alkhatib	8
Mr. Abdulla Mubarak Al Khalifa	6
Mr. Yousef Mahmoud Al-Neama	6
Mr. Khalid Majid Al-Nuaimi	3
Mr. Ramzi Talat Mari	8
Mr. Fawzi Abdel Hameed AlMani	8
Mr. Mohamed Najib Eljamal	-
Mr. Ismail Abdalla El Mesallati	7
Mr. Issam Abdallah Alkhatib	8
Mr. Nidal Faeq Alqubaj	8
Dr. Yaser Manna' Adwan	8
Mr. Fawzi Yousif Al-Hanif	7
Mrs. Shaikha Yousuf Al-Farsi	8

Name of the Resigned Board Member	Number of Times Attendance
Mr. Mohamed Mohamed Ben Yousef	2
Mr. Fadi Khalid Al Alawneh	-

Committees of the Board of Directors

1. Executive Committee
2. Audit Committee
3. Nomination and Remuneration Committee
4. Risk Management Committee
5. Corporate Governance Committee
6. IT Governance Committee
7. Compliance Committee

Chairman and Members of the Audit Committee, Nomination and Remuneration Committee, Corporate Governance Committee, Risk Management Committee, and their Meetings during the Year.

Audit Committee

Name	Qualifications and Experience of the Member
Mr. Fawzi Yousif Al-Hanif	Qualifications: B.Sc. Economics, 1980 **Previous Memberships in other Commissions and Boards:** • Assistant Head of Asian Countries Dep., Kuwait Fund for Arab Economic Development / Kuwait 1983. • Head of Arab and Mediterranean Countries Dep., (KFAED) / Kuwait 1986. • Director of Operations, (KFAED) / Kuwait 1997. • Board Member, Kuwaiti Algerian Investment Co. / Luxembourg 1986. • Deputy Governor of the OPEC Fund for International Development (OFID) / Austria 1987. • Chairman, Tanmiya Realty Co. / UK 1997. • Board Member, Arab Bank for Economic Development in Africa (BADEA), Sudan 2008-2015. • Member of the Investment Committee, Arab Bank for Economic Development in Africa (BADEA), Sudan 2008-2015.
Mr. Ramzi Talat Mari	Qualifications: Masters of Science Degree in Accountancy, 1989 **General Manager - Chief Financial Officer / QNB** • Board Member, QNB Capital / Qatar • Board Member, QIHL Luxembourg • Board Member, QNB Al Ahli / Egypt • Board Member, QNB Finansbank / Turkey
Mr. Mohamed Najib Eljamal	Qualifications: B.Sc. in Accounting, 1985 General Manager, Libyan Foreign Bank / Acting • Chairman / General Manager, North Africa Commercial Bank / Beirut • expert in developing banking strategies **Previous Memberships in other Commissions and Boards** • Head of International finance dept., Arab Bank for Investment & Foreign Trade / Abu Dhabi. • Board Member, British Arab Commercial Bank / Libya. • Head of finance dept., Libyan Foreign Bank / Libya. • General Manager, Arab Turkish Bank / Istanbul. • Vice Chairman, Leasing Co. / Istanbul. • Vice Chairman, Arab Turkish Bank / Istanbul. • Board Member, Suez Canal Bank / Cairo. • Board Member, Arab International Bank / Cairo. • Chairman, ALUBAF Arab International Bank / Bahrain. • Board of Directors advisor, Libyan Foreign Bank / Libya.
Mrs. Shaikha Yousuf Al-Farsi	Qualifications: MSc in Finance, 2005 Chief - Strategy and Corporate Services - Bank Muscat • Board Member, Oman Banks Association, Sultanate of Oman **Previous Memberships in other Commissions and Boards** • Board Member, BM JBR Limited
Dr. Yaser Manna' Adwan	Qualifications: Ph.D Public Administration / policy analysis, 1983 Professor of Management and Policy Analysis - College of Business University of Jordan **Previous Memberships in other Commissions and Boards** • Chairman, Electricity distribution Co. • Chairman, Social Security Investment Fund • General Manager, Social Security Corporation • Chairman, Kingdom Electricity for Energy Investments Co • Vice Chairman, Jordan Phosphate Mines Co. • Board Member, Jordan Bromine Co. - Potash • Board Member, Industrial Development Bank • Board Member, Jordan Commercial Bank • Member of the Investment Fund Committee University of Jordan • Member of the Investment Fund Committee Al al-Bayt University

Audit Committee Meetings

The Audit Committee held (5) meetings during 2018 as follows:

Board Members	Number of Times Attendance	Name of the Resigned Board Member	Number of Times Attendance
Mr. Fawzi Yousif Al-Hanif (Chairman)	5	Mr. Mohamed Mohamed Ben Yousef	1
Mr. Ramzi Talat Mari	5		
Mr. Mohamed Najib Eljamal	-		
Mrs. Shaikha Yousuf Al-Farsi	5		
Dr. Yaser Manna' Adwan	5		

Audit Committee Meetings with External Auditor during 2018

The Audit Committee held (4) meetings with external auditor during 2018

Responsibilities of the Audit Committee

The Committee effectively oversee the internal and external audit activities and processes, the integrity of the Bank's operations, including its financial position, the internal control system, and the Bank's compliance with laws, regulations, and codes of conduct through:

- Approving the annual internal audit plan and following up the performance of the internal audit department through periodic reports.
- Recommending to the Board regarding the nomination/ appointment/ termination of the work/ remuneration of the external auditor and its election by the General Assembly and ensuring compliance with the requirements of the regulatory bodies.
- Reviewing and discussing the reports of internal and external audit and regulatory authorities and providing recommendations and issuing suitable assignment thereon.
- Follow-up on corrective actions of the observations in internal and external audit reports and regulatory bodies.
- Discussing quarterly financial statements with external auditors.
- Discussing the reports of internal monitoring and controls systems with both internal audit and external audit.

Nominations and Remuneration Committee

The Nomination and Remuneration Committee held (3) meetings during 2018 as follows:

Board Members	Number of Times Attendance	Name of the Resigned Board Member	Number of Times Attendance
Mrs. Shaikha Yousuf Al-Farsi (Chairman)	3	Mr. Mohamed Mohamed Ben Yousef	1
Mr. Fawzi Yousif Al-Hanif	3		
Mr. Mohamed Najib Eljamal	-		

Responsibilities of the Nominations and Remuneration Committee

The Committee assisted the Board in its oversight and supervisory role through:

- Effectively oversee the process of preparing internal policies and regulations governing the procedures for the granting of bonuses, allowances, and compensation to employees by recommending to review and amend related policies periodically.
- Nominating qualified candidates to senior executive management and recommending succession plan thereof to the Board of Directors.
- Reviewing and discussing the performance evaluation of the Board and its committees.
- Reviewing and recommending the organizational structure of the Bank.

Corporate Governance Committee

The Corporate Governance Committee held two meetings during 2018 as follows:

Board Members	Number of Times Attendance
Mr. Abdelelah Moh'd Alkhatib (Chairman)	2
Dr. Yaser Manna' Adwan	2
Mr. Nidal Faeq Alqubaj	2

Responsibilities of the Corporate Governance Committee

In compliance with the Committee's responsibilities set out in its charter to guide and oversee the preparation, updating, and monitoring of the Corporate Governance Code, the Committee has worked on the following:

- Steer and review the Corporate Governance Code and ensure it is developed and adopted in accordance with the guidelines of the Corporate Governance Code of the Jordanian banks issued by the Central Bank of Jordan and the guidelines of the Corporate Governance Code of listed public shareholding companies issued by the Jordan Securities Commission.
- Steer and review the charters of the Board and its committees and ensure compliance with the guidelines.

Risk Management Committee

The Risk Management Committee held (4) meetings during 2018 as follows:

Board Members	Number of Times Attendance	Name of the Resigned Board Member	Number of Times Attendance
Mr. Yousef Mahmoud Al-Neama (Chairman)	3	Mr. Ihab Ghazi Saadi / CEO*	4
Mr. Khalid Majid Al-Nuaimi	1		
Mr. Fawzi Abdel Hameed AlMani	4		
Dr. Yaser Manna' Adwan	3		
Mr. Nidal Faeq Alqubaj	4		
Mr. Ammar Bashir Al-Safadi / CEO**	-		

* Mr. Ihab Saadi was resigned on 10/11/2018.
** Mr. Ammar Bashir Al-Safadi assigned on 9/12/2018.

Responsibilities of the Risk Management Committee

In compliance with its responsibilities set out in the committee charter, the Risk Management Committee assisted the Board in its oversight and monitoring role by recommending the adoption of the policies, strategies and plans necessary to manage the Bank's risks in line with accepted and approved risk appetite, in addition to evaluating and following up with the main risks and measures taken to mitigate and reduce them by reviewing the periodic reports of activities of the Risk Management Dept., discussing its results and making appropriate recommendations and assignments thereon.

Second Pillar: The Senior Executive Management

The Board of Directors delegate the responsibilities of the Executive Management, in order to enable it to exercise its daily activities and to monitor the safety of performance.

Senior Executive Management as of 31/12/2018

Name of Senior Management Member	Title
Ammar Bashir Al-Safadi	Chief Executive Officer
Vasken Samuel Ajemian	Chief Banking Officer
Marwan Hatem AlKhouli	Chief Operating Officer
Adel Ibrahim Assad	Chief Credit Officer
Khaled Mahmoud Al-Thahabi	Chief Financial Officer
Riyad Ali Taweel	Head of Treasury and Investment Sector
Nabil Tawfiq Barqawi	Head of Retail Banking Sector
"Mohammed Naser" Khalil Abu-Zahra	Head of Commercial Banking Sector
Ibrahim Ahmad Hammad	Executive Manager / Operations
Vacant	Executive Manager / Strategic Planning and Research
Nayef Hashem Al-Hussein	Executive Manager / Compliance
Luma Nayef Bakri	Executive Manager / Risk Management
Ali Hasan Al-Mimi	General Auditor
Wael Ismail Asfour	Legal Advisor

Third Pillar: Planning and Strategy Development

The Board of Directors adopts a long-term strategy to achieve the objectives of the Bank and oversees the performance of the Senior Executive Management in achieving these objectives through its regular meetings with the Senior Executive Management and periodic reports of the Bank's performance.

Fourth Pillar: Control Functions

The Bank adopts an overarching framework for internal control that includes:

- Internal control systems covering all banking activities that are evaluated periodically (annually) by internal and external audit and is reported back to the Board of Directors.
- The Bank has an internal audit dept. that performs specific duties and responsibilities according to an "Internal Audit Charter" that is adopted by the Board of Directors. The department is granted independent and sufficient authority necessary to perform its functions effectively. It is functionally related to the Audit Committee and administratively to the CEO.
- The Bank has a comprehensive risk management framework (policies, strategies, methodologies, and systems) approved by the Board of Directors, and the dedicated department for this purpose is the Risk Management Dept.
- The Bank has a Compliance Control and Anti-Money Laundering Dept. that reports periodically on its work to the Board of Directors through the Compliance Committee.

The external auditor of the Bank is appointed by the General Assembly on the recommendation of the Board to comply with the requirements of corporate governance. The external auditor annually submits an annual report on the integrity of the financial statements including the evaluation of the internal control system related to the preparation and presentation of the financial statements. The Financial Statements is presented to the Board and the General Assembly.

Fifth Pillar: Relationship with Shareholders

The Bank is committed to hold meetings of the General Assembly, allow all shareholders to participate and exercise their right to vote, provide them with complete and adequate information about the Bank without discrimination of any shareholder. The Bank provides multiple ways of communication with shareholders through the Shareholders Affairs Unit and its website. The meetings of the General Assembly of Shareholders were held, the agenda was distributed to the shareholders in accordance with the Companies Law and the Articles of Association of the Bank. These meetings were managed effectively by the Chairman of the Board and the members of the Board were elected by the General Assembly of Shareholders.

Sixth Pillar: Disclosure and Transparency

The Bank is committed to the principle of disclosing all the information required for the relevant parties and in accordance with the guidelines of corporate governance (disclosure of the annual report, the disclosure of financial and non-financial statements). The Bank also has a Corporate Governance Code and is updated to reflect the latest developments. The process of disclosure is done by the various means (website, newspapers, semi-annual and annual reports that are printed and hand-delivered or by mail). The Bank also ensures good relations with stakeholders other than shareholders (employees, suppliers, customers and the community).

Abdelelah Alkhatib
Chairman of the Board

DISCLOSURE STATEMENTS

1975

First Bank in Jordan to introduce
a mobile bus branch

Declarations

First Declaration

The Board of Directors of the HBTF declares that there are no material issues that may affect the Bank's continuous effective performance during the next fiscal year 2019.

Second Declaration

The Board of Directors of the HBTF declares its responsibility for the preparation of the financial statements, the accuracy and completeness of the financial statements, and the information of this report; in addition to the effectiveness of the Bank's internal control and monitoring systems.

Third Declaration

The Board of Directors of the HBTF declares that they did not receive any benefits through their work in the Bank.

Board Member	Title	Signature
Mr. Abdelelah Moh'd Alkhatib	Chairman	
Mr. Abdulla Mubarak Al Khalifa	Vice Chairman	
Mr. Yousef Mahmoud Al-Neama	Board Member	
Mr. Khalid Majid Al-Nuaimi	Board Member	
Mr. Ramzi Talat Mari	Board Member	
Mr. Fawzi Abdel Hameed AlMani	Board Member	
Mr. Mohamed Najib Eljamal*	Board Member	
Mr. Ismail Abdulla El Mesallati	Board Member	
Mr. Issam Abdallah Alkhatib	Board Member	
Mr. Nidal Faeq Alqubaj	Board Member	
Dr. Yaser Manna' Adwan	Board Member	
Mr. Fawzi Yousif Al-Hanif	Board Member	
Mrs. Shaikha Yousuf Al-Farsi	Board Member	

* The member did not attend the meeting of the Board of Directors for the approval of the annual financial statements for special circumstances.

Fourth Declaration

The Chairman, the General Manager and the Chief Financial Officer declare the accuracy and completeness of the financial statements, and the information of this report.

Board Member	Title	Signature
Mr. Abdelelah Moh'd Alkhatib	Chairman	
Mr. Ammar Bashir Al-Safadi	CEO	
Mr. Khaled Mahmoud Al-Thahabi	CFO	

The Bank's Main Activities

The HBTF provides versatile financial and banking services for the retail and corporate sectors in Jordan through a network of branches distributed throughout the Kingdom. The Bank exercises its main activities in Jordan as well as Palestine and Bahrain.

Size of Capital Investment

The authorized and paid-up capital of the Bank is JD315 million.

The Bank's Training Programs

The total number of training opportunities provided by the Bank in 2018 was 5473. During the year, the Bank held a number of internal seminars specialized in the field of banking, in which 1931 employees participated. Also, the Bank provided the opportunity for 3 employees to acquire academic certificates and 11 employees to obtain professional certificates.

Description	Number of Participants
Training Programs held at the Bank's Training Center	1,649
Training Programs held in collaboration with specialized local training centers	265
Training Courses held in Arab and Foreign Countries	17
Academic Certificates	3
Professional Certificates	11
Total	**1,945**

Following is a table showing the most important courses held in 2018:

Description	Training Opportunities
Behavioral Courses	710
Administrative Courses	35
English Language Courses	200
Microsoft Office Courses	150
Specialized Functional Courses for Branches	2,790
Specialized Functional Courses for Managements	920
Others	668
Total	**5,473**

Number of Employees

1. Number of employees at the HBTF Group as per their qualifications as at the end of 2018.

Qualification	Branches			Banks and Subsidiaries						
	Jordan Branches	Palestine Branches	Bahrain Branch	IBTF / Syria	HBTF / Algeria	JIB / London	Specialized Leasing Finance Co.	International Financial Center Co.	Jordan Real -Estate Investments & Commercial Services Co.	Representative Offices (Libya, Iraq, U.A.E)
Ph.D. Degree	3	-	-	1	1	-	-	-	-	-
Master's Degree	201	13	5	10	3	6	5	1	-	-
High Diploma Degree	4	1	-	2	39	1	-	-	-	1
Bachelor's Degree	1,878	221	19	261	114	12	20	7	6	4
Diploma Degree	329	10	1	69	32	3	3	1	21	1
General Secondary Certificate	48	30	3	47	96	17	5	2	465	3
Total	**2,463**	**275**	**28**	**390**	**285**	**39**	**33**	**11**	**492**	**9**

2. The Number of Employees of Jordan Branches at the end of 2018

The number of the Bank's employees inside Jordan reached 2,463, out of whom 1,181 employees are working at the various departments and work centers at the headquarters and 1,282 employees working at the branches distributed as follows:

Branch	NO.	Branch	NO.	Branch	NO.	Branch	NO.	Branch	NO.
The Capital Governorate / Amman		Shmeisani	9	Al-Yasmeen District	8	30th Street / Irbid	10	**Karak Governorate**	
Main Branch	36	Um Uthyna	11	Mecca St.	10	Bani Kenana	7	Karak	13
Suleiman Al-Nabulsi St.	5	Jubeiha	11	Taj Mall	19	**Zarqa Governorate**		Potash	9
Abdali Mall	12	Sweileh	11	Al Jeeza	7	Qasr Shbeeb	12	Mu'ta	13
Al Weibdeh	7	Sahab	9	Private Banking Services	7	Zarqa	13	Qaser	10
Al Madina	9	Abu Alanda	7	Manarah	6	Russeifa	8	Thaniah	7
Jabal Amman	10	Juwaideh	9	Airport St.	6	Hiteen	8	**Madaba Governorate**	
Wadi Saqra	5	Marj Al Hamam	13	Deir Ghbar	7	Oujan	8	Madaba	15
Jabal Al Hussein	11	Na'our	7	Prince Rashed District	6	Jabal Al Shamali	12	The German -Jordanian University	6
Wehdat	14	Muwaqqar	7	Sweifieh	7	Dlail	10	**Mafraq Governorate**	
Foreign Travel	5	Tla' Al Ali	11	Galleria Mall	11	North Azraq	7	Mafraq	16
Marka	15	King Abdullah II City	9	Dabouq	7	Ma'soum Sub.	8	Western Complex / Mafraq	4
Jabal Al Taj	7	Hurria St.	12	**Irbid Governorate**		Free Zone / Zarqa	9	**Ajloun Governorate**	
Prince Hasan Sub.	10	Qwaismeh	8	Irbid	18	New Zarqa	13	Ajloun	13
North Hashimi	11	Bayader	14	Prince Nayef St. / Irbid	4	Zarqa Highway	10	Kufranjah	7
Ras Al Ein	12	Airport	15	Ramtha	11	**Balqa Governorate**		**Tafileh Governorate**	
Ashrafieh	8	Ethaa'	8	Wasfi Al Tal St. / Ramtha	5	Fuhais	10	Tafileh	10
Hawooz	8	Um Al Sumaq	10	North Shouna	7	Salt	12	Hasa	8
Nuzha	12	Children	4	Deir Abi Saeed	8	Baqa'	9	**Aqaba Governorate**	
Sports City	13	Arrar St.	7	Hakama	10	Deir Alla	9	Aqaba	15
Salam	6	Rabiyah	11	Huson	12	South Shouna	8	Shuwaikh Mall	14
Commercial Complex	11	Abdullah Ghosheh	13	Aidoun	8	Karameh	8	**Jarash Governorate**	
Prince mohammad St.	7	Al-Rawabi District	3	Mashare'	7	Al Salt Gate	8	Jarash	11
Tareq	14	Central Market	7	Palestine St.	16	**Ma'an Governorate**		**Mobile Bus**	
Abu Nussair	14	Zahran	13	Kraymeh	7	Ma'an	9	Mobile Bus 1 *	-
Nazal Sub.	10	Madina Munawarah	14	Yarmouk	8	Petra	9	Mobile Bus 2	5
Abdoun	15	City Mall	19	Al Hasan Industrial City	7	Shobak	7	**Total**	**1,282**
Park Plaza	21	Medical City St.	8	Quba Circle	16	Sheidieh	7		
Gardens	16	Housing Bank Park / Abdoun	6	Irbid Mall	13	Husseiniya	7		

* Frozen from 11/2018

3. The Number of Employees at Palestine Branches as at the end of 2018

Branch	Number
Regional Management	140
Ramallah	15
Gaza	10
Nablus	14
Hebron	13
Halhoul	7
Beir Zeit	7
Khan Younis	4
Jenin	12
Bethlehem	9
Yata	5
Tormosaya	5
Dahriyeh	8
Masyoon	10
Tulkarm	8
Rafidia	8
Total	**275**

4. The Number of Employees at the IBTF/ Syria as at the end of 2018

Branch	Number	Branch	Number	Branch	Number
General Management	195	Mazzeh	7	Dira’	*
Hejaz	18	Tijarah	7	Hama	9
Pakistan	15	Al Firdous	8	Mahradeh	6
Dama Roze	8	Zabadani	*	Hasakeh*	-
Yarmouk	*	Homs	*	Latakia	15
Housh Plass	5	Tartus	17	Sweida	10
Duma	*	Faisal	8	Qamishli	7
Dummar Project	7	Sheraton	4	Deir Al Zour	*
Hareeka	7	Jmeleyeh	6	Masaken Barzeh	7
Jaramana	9	Sheikh Najjar	*	Abu Rummaneh	8
Qas’a	7	Shahba’ Mall	*	**Total**	**390**

* Closed due to the prevailing situations in Syria.

5. The Number of Employees at the HBTF / Algeria as at the end of 2018

Branch	Number
Regional Management	163
Dali Ibrahim	31
Blida	13
Wahran	22
Steif	14
Dar al Bayda'	19
Bgayet	13
Constantine	10
Total	**285**

6. The Number of Employees at the Specialized Leasing Finance Co. as at the end of 2018

Branch	Number
General Management	27
Irbid Office	3
Aqaba Office	3
Total	**33**

Nature of the Subsidiaries' Business and Scope of their Activity

Name of Company	Type of Company	Main Activity	Paid - up Capital	Bank's Share
IBTF / Syria	Anonymous Company	Commercial Banking Activities	SL 5.25 billion	49.063%
HBTF / Algeria	Public Shareholding	Commercial Banking Activities	DZD 10 billion	85%
JIB / London	P.L.C	Commercial Banking Activities	GBP 65 million	75%
Specialized Leasing Finance Co.	Private Shareholding	Lease Finance Activities	JD 30 million	100%
International Financial Center Co.	L. L.C.	Financial Brokerage Activities	JD 5 million	77.5%
Jordan Real - Estate Investments & Commercial Services Co.	L. L.C.	Management of non – banking Services Employees	JD 40 thousand	100%

Introductory Overview of the Board of Directors as at 31/12/2018

Mr. Abdelelah Moh'd Alkhatib

Title: Chairman of the Board and Chairman of the Corporate Governance Committee
Date of Birth: 31/3/1953
Mr. Abdelelah Alkhatib held several senior positions in both public and private sectors.

- He served as the Foreign Minister of Jordan from 1998 to 2002 and from 2005 to 2007. Prior to that he was Minister of Tourism and Antiquities, 1995- 1996.
- Mr Alkhatib was a member of the Upper House of Parliament (The Senate) between 2010-2016, where he was elected consecutively to head the Economic and Financial, the Public Freedoms and Citizens Rights and the Arab and International Affairs Committees.
- In 2012, he became the Chairman of the Independent Election Commission, while in 2009-2010 he was appointed as the Chairman of the Economic and Social Council.
- Internationally, Mr Alkhatib acted as the Special Envoy to the Secretary General of the United Nations to Libya in 2011.
- He served as the General Manager of Jordan Cement Company, then as the Company's Chairman of the Board. He also served as General Manager of Al Daman for Investment.
- He Joined the Board of Directors of the Central Bank of Jordan for two terms.
- Mr Alkhatib is an active Contributor to the work of civil society. He was elected as the Chairman of the Royal Society for the Conservation of Nature, and he is member of the Board of Trustees of both, the King Hussein Cancer Foundation, and the American Center for Oriental Research. Currently, he heads the administrative committee at the Jordan Strategy Forum.
- He holds a B.A political Science, from PANTIOS, Athens, M.A in International Communications from the American University in Washington D.C., M.A in International Economics and Development from the School of Advanced International Studies (SAIS), Johns Hopkins University in Washington D.C.
- Mr Alkhatib is married and a father of two daugters and a son .

Mr. Abdulla Mubarak Al Khalifa

Representative of Qatar National Bank
Title: Vice Chairman
Date of Birth: 25/9/1973
Qualifications: B.Sc. Business Administration, 1995
* Acting Chief Executive Officer / QNB

Memberships in HBTF Board Committees

- Chairman, Executive Committee

Memberships in other Commissions and Boards

- Vice Chairman, QNB Al Ahli / Egypt
- Board Member, Ecobank
- Board Member, QNB Finansbank

Mr. Yousef Mahmoud Al-Neama

Representative of Qatar National Bank
Title: Board Member
Date of Birth: 5/1/1965
Qualifications: B.Sc. Aviation Management 1989, Diploma Masters in Business Administration 2004
* Acting Executive General Manager, Group Chief Business Officer / QNB

Memberships in HBTF Board Committees

- Chairman, Risk Management Committee
- Executive Committee
- IT Governance Committee

Memberships in other Commissions and Boards

- Chairman, QNB / Syria
- Vice Chairman, Bank Mansour / Iraq
- Board Member QNB Finansbank
- Board Member QNB Capital

Mr. Khalid Majid Al-Nuaimi

Representative of Qatar National Bank
Title: Board Member
Date of Birth: 5/12/1976
Qualifications : B.Sc. Management, 2000
* AGM - SME Banking / QNB

Memberships in HBTF Board Committees

- Executive Committee
- Risk Management Committee

Memberships in other Commissions and Boards
None

Mr. Ramzi Talat Mari

Representative of Qatar National Bank
Title: Board Member
Date of Birth: 2/1/1966
Qualifications: Masters of Science Degree in Accountancy, 1989
*General Manager - Chief Financial Officer / QNB

Memberships in HBTF Board Committees

- Audit Committee
- Compliance Committee

Memberships in other Commissions and Boards

- Board Member, QNB Capital / Qatar
- Board Member, QIHL Luxembourg
- Board Member, QNB Al Ahli / Egypt
- Board Member, QNB Finansbank / Turkey

Mr. Fawzi Abdel Hameed AlMani

Representative of Kuwait Real Estate Investment Consortium

Title: Board Member

Date of Birth: 19/9/1963

Qualifications: Masters Principles of Finance 2000, B.Sc. Economics 1989, B.Sc. Marketing 1986

* Chairman, Representative Member / Investment Holding Company ICC Paris/ Owned by Kuwait Investment Authority - Kuwait

Memberships in HBTF Board Committees

- Chairman, IT Governance Committee
- Executive Committee
- Risk Management Committee

Memberships in other Commissions and Boards

- Vice President and President of Executive Committee, White Sugar Nile Co. / Sudan
- Board Member and President of Executive Committee, Kuwait Public Transport Co. / Kuwait

Previous Memberships in other Commissions and Boards

- Investment Manager, Kuwait Small Projects Development Co. (KSPDC) / Kuwait
- Investment Manager – Investment Portfolio, Kuwait Investment Authority (KIA) / Kuwait
- Vice President, Safir International Hotels / Egypt
- Vice President and Member of Executive Committee, Kenana Sugar Co. / Sudan
- Board Member and Member of Executive Committee, Al Shams for Hotel & Tourism Co. / Egypt
- Board Member and Member of Executive Committee, Kuwait Real Estate Investment Consortium (KREIC) / Kuwait
- Board Member and President of Executive Committee, Abou Nawas for Tourism / Tunis
- Board Member, Arabian Brick Co. / Egypt
- Board Member, Arab Shipping Co. / Egypt
- AGM, Kuwait Real Estate Investment Consortium (KREIC) / Egypt
- Assistant Investment Manager, Kuwait Real Estate Investment Consortium (KREIC) / Kuwait
- Assistant Investment Manager, Federated Investment Co. / USA
- Head of International Shipping Dep., Victoria Multi-System Corporations / USA

Mr. Mohamed Najib Eljamal

Representative of Libyan Foreign Bank
Title: Board Member
Date of Birth: 1/12/1952
Qualifications: B.Sc. in Accounting, 1985
* Current Position: Acting General Manager, Libyan Foreign Bank
* Chairman, General Manager, North Africa Commercial Bank / Beirut
* Expert in Developing Banking Strategies
* Executive Expert in Banking Management

Memberships in HBTF Board Committees

- Audit Committee
- Nomination & Remuneration Committee
- IT Governance Committee

Previous Memberships in other Commissions and Boards

- Incorporated in several positions within the National Commercial Bank team.
- Head of International finance dept., Arab Bank for Investment & Foreign Trade / Abu Dhabi.
- Board Member, UBAE Bank / Rome.
- Board Member, British Arab Commercial Bank / Libya.
- Head of finance dept., Libyan Foreign Bank / Libya.
- General Manager, Arab Turkish Bank / Istanbul.
- Vice Chairman, Leasing Co. / Istanbul.
- Vice Chairman, Arab Turkish Bank / Istanbul.
- Board Member, Suez Canal Bank / Cairo.
- Board Member, Arab International Bank / Cairo.
- Chairman, ALUBAF Arab International Bank / Bahrain.
- Board of Directors advisor, Libyan Foreign Bank / Libya.

Mr. Ismail Abdalla El Mesallati

Representative of Libyan Foreign Bank
Title: Board Member
Date of Birth: 17/3/1956
Qualifications: B.A. in Business Administration, 1979.
The secretary of the Board of Directors / Libyan Foreign Bank.

Memberships in HBTF Board Committees

- Executive Committee

Memberships in other Commissions and Boards

- Board Member, Arabian Maghreb Bank for Investment and Trade / Algeria.
- Board Member, Chinguitty Bank / Mauritania.

Mr. Issam Abdallah Alkhatib

Representative of Social Security Corporation / Jordan
Title: Board Member
Date of Birth: 28/4/1965
Qualifications: B.Sc. in Accounting, 1985; Master in Finance, 1995.
* Head of Treasury, Loans & Financial Leasing Dept. - Social Security Investment Fund.

Memberships in HBTF Board Committees

- Executive Committee

Previous Memberships in other Commissions and Boards

- Board Member, capital bank.
- Board Member, ALDaman leasing Co.
- Board Member, Jordan projects for tourism development.
- Board Member, Jordan Petroleum Refinery Co.

- Board Member, Jordan Press Foundation / Al-Rai Newspaper.

Mr. Nidal Faeq Alqubaj

Representative of Social Security Corporation / Jordan

Title: Board Member

Date of Birth: 2/7/1980

Qualifications: MBA - Accounting, 2006

* Head of Risk Management & Strategic Planning Dep. - Social Security Investment Fund

Memberships in HBTF Board Committees

- Risk Management Committee
- Corporate Governance Committee
- IT Governance Committee

Previous Memberships in other Commissions and Boards

- Board Member, Cairo Amman Bank
- Board Member, Arab Potash Co.
- Board Member, Jordan International Insurance Co.
- Board Member, Al Daman Leasing Co.

Dr. Yaser Manna' Adwan

Title: Board Member – Independent

Date of Birth: 16/1/1953

Qualifications: Ph.D Public Administration / policy analysis, 1983

Awards

- Abdul Hameed Shoman Award for Arab Researchers
- National recognition award for public management.

Memberships in HBTF Board Committees

- Chairman, Compliance Committee
- Audit Committee
- Risk Management Committee
- Corporate Governance Committee

Previous Memberships in other Commissions and Boards

- Chairman, Electricity distribution Co.
- Chairman, Kingdom Electricity for Energy Investments Co
- Chairman, Social Security Investment Fund
- General Manager, Social Security Corporation
- Chairman, National Corporation for Tourism Development
- Vice President, Yarmouk University
- Vice Chairman, Jordan Phosphate Mines Co.
- Vice Chairman, Accreditations Council for Higher Education Institutions
- Board Member, Jordan Bromine Co.
- Board Member of Trustees, University of Jordan
- Board Member, Industrial Development Bank
- Board Member, Jordan Commercial Bank
- Member of the Investment Fund Committee University of Jordan
- Member of the Investment Fund Committee Al al-Bayt University

Mr. Fawzi Yousif Al-Hanif

Title: Board Member – Independent
Date of Birth: 2/12/1957
Qualifications: B.Sc. Economics, 1980

Memberships in HBTF Board Committees

- Chairman, Audit Committee
- Nomination & Remuneration Committee

Previous Memberships in other Commissions and Boards

- Assistant Head of Asian Countries Dep., Kuwait Fund for Arab Economic Development / Kuwait 1983
- Head of Arab and Mediterranean Countries Dep., (KFAED) / Kuwait 1986
- Director of Operations, (KFAED) / Kuwait 1997
- Board Member, Kuwaiti Algerian Investment Co. / Luxembourg 1986
- Deputy Governor of The OPEC Fund for International Development (OFID) / Austria 1987
- Chairman, Tanmiya Realty Co. / UK 1997
- Member of the Supreme Administrative Committee, Al-Aqsa and Al-Quds Intifada Fund, Islamic Development Bank 2009-2015
- Board Member, Arab Bank for Economic Development in Africa (BADEA), Sudan 2008-2015
- Member of the Investment Committee, Arab Bank for Economic Development in Africa (BADEA), Sudan 2008-2015
- Member of the Coordination Committee, Gaza Reconstruction Program 2009-2015

Mrs. Shaikha Yousuf Al-Farsi

Title: Board Member – Independent
Date of Birth: 9/1/1978
Qualifications: MSc in Finance, 2005
Chief - Strategy and Corporate Services - Bank Muscat

Memberships in HBTF Board Committees

- Chairman, Nomination & Remuneration Committee
- Audit Committee
- Compliance Committee

Memberships in other Commissions and Boards

- Board Member, BM JBR Limited
- Board Member, Oman Banks Association, Sultanate of Oman

Resigned Board Members During 2018

Name	Resignation Date	Short Brief
Mr. Mohamed Mohamed Ben Yousef	7/10/2018	Mr. Mohamed Ben Youssef served as a member of the Board of Directors of Housing Bank from 14/6/2007 until 7/10/2018 representing the Libyan Foreign Bank, in addition to his position as general manager of the Libyan Foreign Bank.
Mr. Fadi Khalid Al Alawneh	21/1/2018	Mr. Fadi Al-Alawneh served as a member of the Board of Directors of Housing Bank from 22/5/2016 until 21/1/2018 representing the Social Security Corporation / Jordan, in addition to his position as Head of Accounting & Credit Facilities Unit -Social Security Investment Fund.

Position of Each Board Member

Name of Board Member	Date of Appointment	The Entity that the Member represents	Classification	Share in the Bank's Capital *
Mr. Abdelelah Moh'd Alkhatib	21/4/2016	Himself	Non-Executive, Independent	0.004%
Mr. Abdulla Mubarak Al Khalifa	31/1/2008	Qatar National Bank	Non-Executive, Non-Independent	34.481%
Mr. Yousef Mahmoud Al-Neama	31/1/2008		Non-Executive, Non-Independent	
Mr. Khalid Majid Al-Nuaimi	12/7/2015		Non-Executive, Non-Independent	
Mr. Ramzi Talat Mari	9/3/2014		Non-Executive, Non-Independent	
Mr. Fawzi Abdel Hameed AlMani	7/11/2016	Kuwait Real Estate Investment Consortium	Non-Executive, Non-Independent	18.609%
Mr. Mohamed Najib Eljamal	9/12/2018	Libyan Foreign Bank	Non-Executive, Non-Independent	17.100%
Mr. Ismail Abdalla El Mesallati	25/6/2012		Non-Executive, Non-Independent	
Mr. Issam Abdallah Alkhatib	29/1/2018	Social Security Corporation / Jordan	Non-Executive, Non-Independent	15.392%
Mr. Nidal Faeq Alqubaj	22/5/2016		Non-Executive, Non-Independent	
Dr. Yaser Manna' Adwan	21/4/2016	Himself	Non-Executive, Independent	0.004%
Mr. Fawzi Yousif Al-Hanif	23/4/2017	Himself	Non-Executive, Independent	0.004%
Mrs. Shaikha Yousuf Al-Farsi	21/4/2016	Himself	Non-Executive, Independent	0.004%

* Share of the entity represented by the member.

Number of Securities Owned by the Board Members and their Relatives

Name of the Board Member	Nationality	Number of Securities Owned by the Member		Number of Securities Owned by Spouse and Minors	
		2017	2018	2017	2018
Mr. Abdelelah Moh'd Alkhatib	Jordanian	12,500	12,500	-	-
Mr. Abdulla Mubarak Al Khalifa	Qatari	-	-	-	-
Mr. Yousef Mahmoud Al-Neama	Qatari	-	-	-	-
Mr. Khalid Majid Al-Nuaimi	Qatari	-	-	-	-
Mr. Ramzi Talat Mari	Jordanian	-	-	-	-
Mr. Fawzi Abdel Hameed AlMani	Kuwaiti	-	-	-	-
Mr. Mohamed Najib Eljamal	Libyan	-	-	-	-
Mr. Ismail Abdalla El Mesallati	Libyan	-	-	-	-
Mr. Issam Abdallah Alkhatib	Jordanian	-	-	-	-
Mr. Nidal Faeq Alqubaj	Jordanian	-	-	-	-
Dr. Yaser Manna' Adwan	Jordanian	12,733	12,733	-	-
Mr. Fawzi Yousif Al-Hanif	Kuwaiti	12,500	12,500	-	-
Mrs. Shaikha Yousuf Al-Farsi	Omani	12,500	12,500	-	-

Companies Controlled by the Board Members and their Relatives: None
Loans granted to the Board Members: None
Operations that were made between Bank and the Board Members: None

Number of Securities Owned by Resigned Board Members and their Relatives: None
Companies Controlled by Resigned Board Members and their Relatives: None
Loans granted to Resigned Board Members: None
Operations that were made between Bank and Resigned Board Members: None

Summary of the Functions and Responsibilities of the Board Committees

Corporate Governance Committee

Steer and oversee the preparation of a corporate governance code, review it and oversee its implementation.

Audit Committee

- Review the scope, outcomes, and adequacy of the internal and external audit.
- Review accounting issues of material impact on the Bank financial statements.
- Review internal monitoring and controls system.
- Recommend to the Board for its appointment of external auditor, terminating his service, defining his fees and any other provisions relating to contracting with him. The foregoing includes also his independency assessment and any other services, other than audit, assigned to the auditor.
- Review, oversee and ensure that the Bank has appropriate and effective whistleblowing procedures which enable the employee to speak up in a confidential way about any errors in the financial statements or any other matters. The committee shall also ensure the availability of arrangements necessary for independent investigation and ensure following up investigation outcomes, and treatment actions in an objective manner.

Nomination and Remuneration Committee

- Identifying the members qualified to join the Board taking into consideration the candidates' capabilities and qualifications.
- Recommending to the Board qualified candidates to join the senior executive management.
- Ensuring that the Board members attend banking-related workshops or seminars, especially risks management and corporate governance.
- Determining whether the member fulfills the independent member requirements and review such on annual basis.
- Following defined and approved basis in assessing the Board and CEO performance.
- Ensuring the availability of remuneration policy for the Bank's executives, reviewing it periodically, and implementing it. The committee recommends determining the salaries, rewards, and other privileges of CEO and other senior executive management members.
- Ensuring the availability of succession plan for the senior executive management.

Risk Management Committee

- Reviewing risk management framework in the Bank.
- Reviewing risks management strategies prior to Board approval.
- Following up developments that affect risk management, and report such periodically to the Board.
- Ensuring that there are no gaps between actual risks the Bank is exposed to and the Bank's risk appetite approved by the Board.

Executive Committee

- Studying the estimated budget and major policies related to the Bank's operations.
- Studying the Bank's annual strategy.
- Studying the Bank's strategic capital or investment projects.
- Studying the credit facilities that fall within its authority, and submits what exceeds its authority to the Board.

IT Governance committee

- Endorsing IT strategic goals and appropriate organizational structures including steering committees at the senior executive management level, specifically the IT Steering Committee.
- Endorsing the management, control and monitoring framework for IT projects and resources that aligns with the best acceptable international standards in that matter; and precisely Control Objectives for Information and related Technology standard (COBIT), in addition to having the framework in line with the Central Bank of Jordan's regulations.
- Endorsing Enterprise IT Goals Matrix that links business and IT related goals in line with the Central Bank of Jordan's regulations.
- Endorsing responsibilities matrix (RACI Chart) towards key IT Governance processes in line with the Central Bank of Jordan's regulations.
- Ensuring that IT Risk Management Framework aligned with the Enterprise Risk Management (ERM) Framework is available.
- Endorsing budgets for IT strategic projects, initiatives, and business as usual activities.
- Monitoring the IT operations, projects and resources to ensure alignment with business strategic goals and realization of expected benefits of the Bank.

Compliance Committee

- Oversee the efficiency, effectiveness and the independency of the Compliance Department and its different functions in evaluating the degree that the Bank manages its "compliance risks".
- Take the necessary measures to enhance the values of integrity and sound professional practice inside the Bank.
- Oversee the follow up compliance with the Instructions of the regulatory bodies and exerting efforts within the Bank to establish effective bases in the field of Anti-Money Laundering and Terrorist Financing and Sanctions.

The Board & the Board Committees Meetings

1.The Board's Meetings

The Bank's Board of Directors held (8) meetings during 2018 as follows:

Board Members	Number of times attendance	Resigned Board Members during 2018	Number of times attendance
Mr. Abdelelah Moh'd Alkhatib	8	Mr. Mohamed Mohamed Ben Yousef*	2
Mr. Abdulla Mubarak Al Khalifa	6	Mr. Fadi Khalid Al Alawneh**	-
Mr. Yousef Mahmoud Al-Neama	6		
Mr. Khalid Majid Al-Nuaimi	3		
Mr. Ramzi Talat Mari	8		
Mr. Fawzi Abdel Hameed AlMani	8		
Mr. Mohamed Najib Eljamal	-		
Mr. Ismail Abdalla El Mesallati	7		
Mr. Issam Abdallah Alkhatib	8		
Mr. Nidal Faeq Alqubaj	8		
Dr. Yaser Manna' Adwan	8		
Mr. Fawzi Yousif Al-Hanif	7		
Mrs. Shaikha Yousuf Al-Farsi	8		

* Mr. Mohamed Eljamal appointed to the Board on 9/12/2018 replacing Mr. Mohamed Ben Yousef who resigned on 7/10/2018.

** Mr. Issam Alkhatib appointed to the Board on 29/1/2018 replacing Mr. Fadi Al Alawneh who resigned on 21/1/2018.

2. Executive Committee Meetings

The Executive Committee held (4) meetings during 2018 as follows:

Board Members	Number of times attendance	Resigned Board Members during 2018	Number of times attendance
Mr. Abdulla Mubarak Al Khalifa	3	Mr. Fadi Khalid Al Alawneh	-
Mr. Yousef Mahmoud Al-Neama	3	-	-
Mr. Khalid Majid Al-Nuaimi	2	-	-
Mr. Fawzi Abdel Hameed AlMani	4	-	-
Mr. Ismail Abdalla El Mesallati	4	-	-
Mr. Issam Abdallah Alkhatib	4	-	-

3. Audit Committee Meetings

The Audit Committee held (5) meetings during 2018 as follows:

Board Members	Number of times attendance	Resigned Board Members during 2018	Number of times attendance
Mr. Fawzi Yousif Al-Hanif	5	Mr. Mohamed Mohamed Ben Yousef	1
Mr. Ramzi Talat Mari	5	-	-
Mr. Mohamed Najib Eljamal	-	-	-
Mrs. Shaikha Yousuf Al-Farsi	5	-	-
Dr. Yaser Manna' Adwan	5	-	-

4. Nomination and Remuneration Committee Meetings

The Nomination and Remuneration Committee held (3) meetings during 2018 as follows:

Board Members	Number of times attendance	Resigned Board Members during 2018	Number of times attendance
Mrs. Shaikha Yousuf Al-Farsi	3	Mr. Mohamed Mohamed Ben Yousef	1
Mr. Fawzi Yousif Al-Hanif	3	-	-
Mr. Mohamed Najib Eljamal	-	-	-

5. Risk Management Committee Meetings

The Risk Management Committee held (4) meetings during 2018 as follows:

Board Members	Number of times attendance	Resigned Board Members during 2018	Number of times attendance
Mr. Yousef Mahmoud Al-Neama	3	Mr. Ihab Ghazi Saadi / CEO*	4
Mr. Khalid Majid Al-Nuaimi	1	-	-
Mr. Fawzi Abdel Hameed AlMani	4	-	-
Dr. Yaser Manna' Adwan	3	-	-
Mr. Nidal Faeq Alqubaj	4	-	-
Mr. Ammar Bashir Al-Safadi / CEO**	-	-	-

* Mr. Ihab Saadi was resigned on 10/11/2018.

** Mr. Ammar Bashir Al-Safadi assigned on 9/12/2018.

6. Corporate Governance Committee Meetings

The Corporate Governance Committee held (2) meetings during 2018 as follows:

Board Members	Number of times attendance	Resigned Board Members during 2018	Number of times attendance
Mr. Abdelelah Moh'd Alkhatib	2	-	-
Dr. Yaser Manna' Adwan	2	-	-
Mr. Nidal Faeq Alqubaj	2	-	-

7. IT Governance Committee

The IT Governance Committee held (3) meetings during 2018 as follows:

Board Members	Number of times attendance	Resigned Board Members during 2018	Number of times attendance
Mr. Fawzi Abdel Hameed AlMani	3	Mr. Mohamed Mohamed Ben Yousef	1
Mr. Yousef Mahmoud Al-Neama	3	-	-
Mr. Nidal Faeq Alqubaj	3	-	-
Mr. Mohamed Najib Eljamal	-	-	-

8. Compliance Committee

The Compliance Committee held (4) meetings during 2018 as follows:

Board Members	Number of times attendance	Resigned Board Members during 2018	Number of times attendance
Dr. Yaser Manna' Adwan	4	-	-
Mr. Ramzi Talat Mari	4	-	-
Mrs. Shaikha Yousuf Al-Farsi	4	-	-

Senior Executive Management: Brief Resume (as on 31/12/2018)

Title: Chief Executive Officer
Ammar Bashir Al-Safadi

Date of Birth: 15/10/1967

Date of Appointment: 9/12/2018

Qualifications:

* M.A. / International Economics, University of Essex (UK), 1991

* B.Sc. / Economics & Statistics, University of Jordan, 1988

Professional Experiences:

- Regional Manager / National Bank of Kuwait (Jordan), 2014-2018
- Deputy Regional Manager/ Banking Group/ National Bank of Kuwait (Jordan), 2012-2014.
- Deputy General Manager/ Banking Group/ Capital Bank (Jordan), 2008-2012
- Deputy Chief Executive Officer / Treasury, Support, and Operations / ABC Bank (Jordan), 2006-2008.
- Assistant General Manager/ Treasury & Investments/ ABC Bank (Jordan), 2001-2006.
- Executive Manager / Private Banking / HSBC (Jordan), 2000-2001.
- Executive Manager / Treasury and Financial Institutions / Export & Finance Bank (Jordan), 1996-2000.
- Manager / Treasury / Citibank (Jordan), 1991-1996.

Memberships in HBTF Board Committees:

- Risk Management Committee

Memberships in other Commissions and Boards:

- Chairman, Jordan International Bank / London
- Chairman, International Bank for Trade and Finance / Syria
- Chairman, The Housing Bank for Trade & Finance / Algeria
- Chairman, Specialized Leasing Co. / Jordan
- Vice Chairman, Iskan Co. for Tourism & Hotel Investment
- Vice Chairman, Jordan Energy Resources Inc.
- Board Member, Jordan Payments and Clearing Company.
- Board Member, Al Hussein Fund for Excellence.
- Board Member, Association of Banks in Jordan.

Title: Chief Banking Officer
Vasken Samuel Ajemian

Date of Birth: 28/9/1972
Date of Appointment: 5/9/2017
Qualifications: B.Sc. in Business Administration, 1995

Professional Experiences:

- Mr. Ajemian began his career at Standard Chartered Bank in Jordan since the beginning of 1995; he has a diversified banking experience that spans over 20 years at this bank in many areas, covered most of Banking Businesses, as the Corporate Banking, Retail Banking and Treasury.
- During his career progression at Standard Chartered Bank, he held various senior positions: Head of Treasury Department (2004), Head of Corporate Department (2011), Head of Global Corporates that has included Corporate, Treasury and Financial Institutions (2013), then Head of Wholesale Banking for Jordan, Lebanon and Egypt (2015).

Memberships in HBTF Board Committees: None
Memberships in other Commissions and Boards:

- Board Member, International Bank for Trade and Finance / Syria
- Board Member, Specialized Leasing Co. / Jordan

Title: Chief Operating Officer
Marwan Hatem AlKhouli

Date of Birth: 4/5/1971
Date of Appointment: 1/4/2018
Qualifications: Master in Accounting, 1996

Professional Qualifications:

- Certified Public Accountant (CPA), 1997
- Certified Fraud Examiner (CFE), 2003
- Certified Risk Professional (CRP), 2003
- Certified Risk Analyst (CRA), 2005
- Certified Project Manager (CPM), 2005
- Certified Financial Consultant (CFC), 2012
- Certified Internal Control Auditor (CICA), 2015
- Fellow Governance Practitioners (FGP), 2017

Professional Experiences:

- Mr. AlKhouli has a long and diversified banking experience exceeds 25 years, he started his career in Jordan Islamic Bank as Inspector, after that he joined the Central Bnak of Jordan to work in Loans and Foreign Agreements Department, at the end of 1994 he joined the Bank of Jordan as a Section Head of Credit Department, till he assumed the position of Head of Follow up Audit Report Department.
- In 1998 he joined the Ahli Bank as a Financial Control Manager, till he assumed the position of Assistant General Manager / The Auditor General for the bank.
- At the end of 2004, Mr. AlKhouli joined the Capital Bank as Assistant General Manager / Chief Internal Auditor till 2006, then he joined to Bank al Etihad as Assistant General Manager / Internal Audit and Inspection Manager till May 2008, then he moved to Sultanate of Oman to work at Oman Arab Bank as a Deputy General Manager / Chief Audit Executive during 2008-2016, then he promoted to General Manager/ Head of Operations Group, till he joined to the Housing Bank in April 2018.
- Mr. Al Kholi has held several positions as a Board Member during his tenure in the Hashemite Kingdom of Jordan, including the Arab Printers Co., Zarqa Al Ahlia College, and the Jordan Ahli Bank Employees Provident Fund.
- Mr. AlKhouli is a professional trainer in the areas of auditing, fraud, accounting, corporate governance, and banking, as well as preparatory courses for professional certifications such as CPA, CIA, CMA and CFA.

Memberships in HBTF Board Committees: None
Memberships in other Commissions and Boards: None

Title: Chief Credit Officer
Adel Ibrahim Assad

Date of Birth: 29/1/1967

Date of Appointment: 2/1/1994

Qualifications: Masters in Business Administration, 1993

Professional Certificates:

- Certified Anti-Money Laundering Specialist (CAMS) / 2004
- Certified Public Accountant (CPA) / 1998

Professional Experiences:

- Mr. Assad has started his career at the HBTF since he was appointed at the Bank in the beginning of 1994. He has acquired diverse array of practical experience; including credit, risk, financial analysis and financial management. During such period, he held various administrative positions being the Manager of Risk management, Head of SMEs, Executive Manager of Credit Review and is presently the Chief Credit Officer. It is noteworthy that in 2001 Mr. Assad earned the Fulbright Fellowship award representing Jordan for study and training at Boston University in USA during which he acquired training at the Federal Reserve Bank, World Bank, Securities and Exchange Commission. He also worked in the Risk Management Department at Citizens Bank in USA and attended courses at many recognized institutions.

Memberships in HBTF Board Committees: None.

Memberships in other Commissions and Boards:

Board Member, Jordan International Bank / London

Board Member, Jordan Mortgage Refinance Company

Title: Chief Financial Officer
Khaled Mahmoud Al-Thahabi

Date of Birth: 20/6/1963

Date of Appointment: 3/8/1985

Qualifications: B.Sc. in Accounting, 1985

Professional Certificate: CPA, 1995

Professional Experiences:

- Mr. Al-Thahabi has extensive and versatile experience in the fields of strategic financial planning and analysis, accounting, tax, reporting, financial risk management, as well as development of accounting policies, procedures, and systems.
- Memberships in HBTF Board Committees: None
- Memberships in other Commissions and Boards:
- Board Member, International Bank for Trade and Finance / Syria
- Board Member, Union Tobacco & Cigarette Industries Co. 2006-2011
- Chairman, Audit Committee / Union Tobacco & Cigarette Industries Co. 2006- 2011

Title: Head of Treasury and Investment Sector

Riyad Ali Taweel

Date of Birth: 1/9/1971

Date of Appointment: 22/7/2007

Qualifications: B.Sc. in Economics, 1992

Professional Certificate: Chartered Financial Analyst / CFA, 2000

Professional Experiences:

- Mr. Taweel started his career as FX dealer with the Treasury Department at the HBTF in 1992. He held various important positions reflecting his distinguished experience and competency in internal audit and international investments. He has worked for several Jordanian and Regional Banks (Capital Bank / Jordan, and ABC / Bahrain), Mr. Taweel rejoined the Bank in 2007 as Manager of International Investments Center, until being appointed Head of Treasury and Investment Sector.
- Memberships in HBTF Board Committees: None
- Memberships in other Commissions and Boards:
- Chairman, International Financial Center Co.
- Board Member, Jordan International Bank / London
- Board Member, Social Security Investment Fund and Member of Investment Governance Committee.

Title: Head of Retail Banking Sector

Nabil Tawfiq Barqawi

Date of Birth: 23/4/1960

Date of Appointment: 21/10/1984

Qualifications: B.Sc. in Accounting, 1982

Professional Experiences:

- Mr. Barqawi worked for the Bank for more than 30 years and his banking experience focused on Retail Banking Management, starting with Main Branch Manager to Area Manager to Executive Manager of Jordan Branches, during April 2017 he was appointed as Head of Retail Banking Sector-Acting, and later being confirmed as Head of Retail Banking Sector on 1/2/2018.

Memberships in HBTF Board Committees: None

Memberships in other Commissions and Boards:

- Board Member, Specialized Leasing Co. / Jordan

Title: Head of Commercial Banking Sector
"Mohammed Naser" Khalil Abu-Zahra

Date of Birth: 18/7/1972

Date of Appointment: 5/6/2016

Qualifications: MBA - Financial Management, 2006

Professional Experiences:

- Mr. Abu-Zahra has a long and diversified banking experience, He has worked for several Banks and his expertise were focused on Corporate Business, he started his career in 1994 in Finance and Investment Department at Jordan Islamic Bank, during 1997 – 1999 he worked in Facilities Department at Islamic International Arab Bank, after that he joined to the HBTF to work in Corporate Banking Department during 1999 – 2002, then he was appointed as Executive Manager of the Corporate Department at ABC Bank / Jordan for 6 years until he assumed the position of Head of this department during 2007-2016.
- Mr. Naser rejoined HBTF as Executive Manager of the Corporate Investment Banking Department, he was later appointed as Head of the Commercial Banking Sector – Acting until he installed in this position during October 2017.
- It should be noted that Mr. Abu-Zahra possesses more than 50 Certificate in Facilities and Credit Analysis, in addition to a certificate from Moody's in 2002.

Memberships in HBTF Board Committees: None

Memberships in other Commissions and Boards:

- Board Member, The Housing Bank for Trade & Finance / Algeria.
- Board Member, Jordan Exporters Association.

Title: Executive Manager / Operations Dept.
Ibrahim Ahmad Hammad

Date of Birth: 12/1/1965

Date of Appointment: 10/3/1990

Qualifications: MA in Financial & Banking Sciences, 1996

Professional Experiences:

- Mr. Ibrahim Hammad joined HBTF in 1990, equipped with extensive experience in banking operations, Direct Sales and Elite Customers' Services, Quality, Policies and Procedures as well as Product Development.
- He held various positions reflecting his distinguished experience and competency such as Quality Assurance and Productivity Improvement Analyst, Branch Manager, Vice Area Manager, then a Manager in the Operations Department until being appointed Executive Manager of Operations Department in 2015.
- Memberships in HBTF Board Committees: None
- Memberships in other Commissions and Boards:
- Board Member, The Housing Bank for Trade & Finance / Algeria.

Title: Executive Manager / Strategic Planning and Research Dept.

Vacant

Title: Executive Manager / Compliance Dept.
Nayef Hashem Al-Hussein

Date of Birth: 14/10/1979
Date of Appointment: 15/7/2013
Qualifications: MA in Financial Economy, 2005

Professional Certificates:

- Certified Anti Money Laundering Specialist (CAMS), 2008
- Certified Financial Crime Specialist (CFCS), 2016
- ACAMS Advanced AML Audit Certification (CAMS-Audit), 2018

Professional Experiences:

Mr. Nayef Al-Hussein joined HBTF since the beginning of his career more than 16 years ago; during the year 2013 he joined Arab Bank for a short period, during the same year he rejoined HBTF as a Head of Compliance Department. Mr. Al-Hussein has extensive experience in the field of Anti Money Laundering and Combating Terrorist Financing, Compliance Control and the Foreign Account Tax Compliance Act (FATCA), he is a member of a number of institutes and professional associations, the most important of which are: Association of Certified Anti Money Laundering Specialist (ACAMS), Association of Certified Financial Crimes Specialist (ACFCS).

Memberships in HBTF Board Committees: None
Memberships in other Commissions and Boards: None

Title: Executive Manager / Risk Management Dept.
Luma Nayef Bakri

Date of Birth: 19/7/1973
Date of Appointment: 24/10/1995
Qualifications: Masters in Business Administration, 2006

Professional Experiences:

- Mrs. Bakri has started her career at HBTF since she was appointed at the Bank in 1995, her expertise lately was focused on areas of Risk Management, she held various administrative positions until being appointed as the Vice Executive Manager of the Risk Department during 9/2015, to Executive Manager of Risk Department in 2/2017.
- It is noteworthy that Mrs. Bakri is a member of the World Union of Arab Bankers, as well as a member of several committees at the Bank, including; Risk Committee, Investment committee, ALCO committee, Higher Credit Committee, and the Higher Committee for Emergency, she has also attended many courses in the banking field, many of which are related to risk management.

Memberships in HBTF Board Committees: None
Memberships in other Commissions and Boards:
Board Member, Jordan Loan Guarantee Corporation.

Title: General Auditor
Ali Hasan Al-Mimi

Date of Birth: 5/4/1979
Date of Appointment: 18/10/2000
Qualifications: B.Sc. in Accounting 2000

Professional Qualifications:

- Certified Internal Auditor (CIA), the Institute of Internal Auditors (IIA).
- Certification in Control Self-Assessment (CCSA), the Institute of Internal Auditors (IIA).
- Certification in Risk Management Assurance (CRMA), the Institute of Internal Auditors (IIA).

Professional Experiences:

- Mr. Al-Mimi worked for the HBTF for more than 18 years, he has been promoted to various positions in the Internal Audit Department (IAD), during that period, gained the necessary qualification and experience to manage and direct the Bank's internal audit functions.
- Mr. Al-Mimi a member of a number of institutes and professional associations, the most important of which are: Institute of Internal Auditors (IIA), Association of Certified Fraud Examiners (ACFE).

Memberships in HBTF Board Committees: None
Memberships in other Commissions and Boards: None

Title: Legal Advisor
Wael Ismail Asfour

Date of Birth: 26/7/1972
Date of Appointment: 1/6/2008
Qualifications: B.A in Law, 1994

Professional Experiences:

- Member of Jordan Bar Association
- Secretary of the Specialized Leasing Co.
- Legal Counsel / International Finance Center Co.
- Legal Counsel / HBTF Jordan Securities Fund
- Member of the Legal Committee / Association of Banks in Jordan
- Mr. Asfour started his career in 1996 as a full time Advocate at his private office and then he joined HBTF. He has vast experience in legal work, trading and banking transactions, Companies' Law, Arbitration and Securities.

Memberships in HBTF Board Committees: None
Memberships in other Commissions and Boards: None

Resigned Senior Executive Management Members During 2018

Name	Resignation Date	Short Brief
Ihab Ghazi Saadi Chief Executive Officer	10/11/2018	Mr. Ihab Saadi has extensive experience in banking, where he worked for the Housing Bank as Executive Manager / Corporate Finance Division during the period 2001-2008. He rejoined to the Bank in 2013 as Assistant General Manager for Corporate and Investment Banking, he was promoted to CBO in June 2015, then promoted to CEO on 15 Dec. 2016.
Dr. Jamal Ahmed Abu-Obaid Executive Manager / Strategic Planning and Research Dept.	1/2/2018	Dr. Abu-Obaid started his career at HBTF in 1981 as Economic Researcher, he held various administrative positions such as Head of Studies and Investment Unit and Manager of Strategic Planning Center, until being appointed Executive Manager of the Strategic Planning and Research Dept. in May 2010.

Number of Securities Owned by Senior Executive Management Members and their Relatives

Name of Senior Management Member	Title	Nationality	Number of Securities Owned by the Member		Number of Securities Owned by the Spouse and Minors	
			2017	2018	2017	2018
Ammar Bashir Al-Safadi	Chief Executive Officer	Jordanian	-	-		
Vasken Samuel Ajemian	Chief Banking Officer	Jordanian	-	-	-	-
Marwan Hatem AlKhouli	Chief Operating Officer	Jordanian	-	-	-	-
Adel Ibrahim Assad	Chief Credit Officer	Jordanian	-	-	-	-
Khaled Mahmoud Al-Thahabi	Chief Financial Officer	Jordanian	2,500	2,500	-	-
Riyad Ali Taweel	Head of Treasury and Investment Sector	Jordanian	-	-	-	-
Nabil Tawfiq Barqawi	Head of Retail Banking Sector	Jordanian	-	-	-	-
"Mohammed Naser" Khalil Abu-Zahra	Head of Commercial Banking Sector	Jordanian	-	-	-	-
Ibrahim Ahmad Hammad	Executive Manager / Operations	Jordanian	5,062	5,062	-	-
Vacant	Executive Manager / Strategic Planning and Research	Jordanian	-	-	-	-
Nayef Hashem Al-Hussein	Executive Manager / Compliance	Jordanian	-	-	-	-
Luma Nayef Bakri	Executive Manager / Risk Management	Jordanian	-	-	-	-
Ali Hasan Al-Mimi	General Auditor	Jordanian	-	-	-	-
Wael Ismail Asfour	Legal Advisor	Jordanian	-	-	-	-

Companies Controlled by Senior Executive Management Members and their Relatives: None

Number of Securities Owned by Resigned Senior Executive Management Members and their Relatives

Name of Resigned Senior Management Member	Title	Nationality	Number of Securities Owned by the Member		Number of Securities Owned by the Spouse and Minors	
			2017	2018	2017	2018
Ihab Ghazi Saadi	Chief Executive Officer	Jordanian	2,625	-		
Dr. Jamal Ahmed Abu-Obaid	Executive Manager / Strategic Planning and Research Dept.	Jordanian	-	1,000	-	-

Companies Controlled by Resigned Senior Executive Management Members and their Relatives: None

Remuneration Policy

The HBTF applies and implements an incentive-based remuneration policy, which appropriates about 5% of the Bank's after-tax profits for this purpose. Such profits are distributed among the Bank's employees according to a special plan linking performance with pay.

Remunerations and Benefits for the Chairman and the Board Members during 2018

(JD)

Name	Title	Annual Salaries	Annual Transportation Allowances	Annual Remunerations	Annual Travel Allowances	Total Annual Benefits
Mr. Abdelelah Moh'd Alkhatib	Chairman	-	457,700	5,000	-	462,700
Dr. Yaser Manna' Adwan	Board Member	-	163,050	5,000	-	168,050
Mr. Fawzi Yousif Al-Hanif	Board Member	-	154,116	3,452	6,583	164,151
Mrs. Shaikha Yousuf Al-Farsi	Board Member	-	166,500	5,000	5,478	176,978
Qatar National Bank represented by:						
Mr. Abdulla Mubarak Al Khalifa	Vice Chairman	-	144,500	5,000	5,298	154,798
Mr. Yousef Mahmoud Al-Neama	Board Member	-	144,500	5,000	6,397	155,897
Mr. Khalid Majid Al-Nuaimi	Board Member	-	133,500	5,000	2,198	140,698
Mr. Ramzi Talat Mari	Board Member	-	166,500	5,000	6,397	177,897
Kuwait Real Estate Investment Consortium represented by:						
Mr. Fawzi Abdel Hameed AlMani	Board Member	-	161,000	5,000	15,844	181,844
Libyan Foreign Bank represented by:						
Mr. Mohamed Najib Eljamal	Board Member	-	6,417	-	-	6,417
Mr. Ismail Abdalla El Mesallati	Board Member	-	161,000	5,000	6,010	172,010
Social Security Corporation / Jordan represented by:						
Mr. Issam Abdallah Alkhatib	Board Member	-	114,248	-	-	114,248
Mr. Nidal Faeq Alqubaj	Board Member	-	157,700	5,000	-	162,700

In-kind Benefits Obtained by any Board Members: None

Remunerations and Benefits for the Resigned Board Members during 2018

(JD)

Name	Title	Annual Salaries	Annual Transportation Allowances	Annual Remunerations	Annual Travel Allowances	Total Annual Benefits
Mr. Mohamed Mohamed Ben Yousef	Board Member	-	106,000	5,000	4,324	115,324
Mr. Fadi Khalid Al Alawneh	Board Member	-	43,451	5,000	-	48,451
Mr. Sami Hussein Al-Anbaee*	Board Member	-	-	1,548	-	1,548

* The amounts received by Mr. Sami Al-Anbaee represent the 2017 benefits paid during 2018.

In-kind Benefits Obtained by any Resigned Board Members: None

Salaries, Benefits and Allowances of the Senior Executives during 2018

(JD)

Name of Senior Management Member	Title	Annual Salaries	Annual Transportation Allowances	Annual Remunerations	Annual Travel Allowances	Total Annual Benefits
Ammar Bashir Al-Safadi	Chief Executive Officer	26,831	-	-	500	27,331
Vasken Samuel Ajemian	Chief Banking Officer	257,280	2,880	-	-	260,160
Marwan Hatem AlKhouli	Chief Operating Officer	193,587	2,160	-	-	195,747
Adel Ibrahim Assad	Chief Credit Officer	199,405	2,880	57,600	4,400	264,285
Khaled Mahmoud Al-Thahabi	Chief Financial Officer	199,277	2,880	57,600	600	260,357
Riyad Ali Taweel	Head of Treasury and Investment Sector	167,124	2,880	45,211	3,600	218,815
Nabil Tawfiq Barqawi	Head of Retail Banking Sector	125,939	1,900	24,500	-	152,339
"Mohammed Naser"Khalil Abu-Zahra	Head of Commercial Banking Sector	137,077	2,772	32,143	400	172,392
Ibrahim Ahmad Hammad	Executive Manager / Operations	91,327	1,200	18,396	800	111,723
Vacant	Executive Manager / Strategic Planning and Research	-	-	-	-	-
Nayef Hashem Al-Hussein	Executive Manager / Compliance	119,038	1,200	25,025	5,200	150,463
Luma Nayef Bakri	Executive Manager / Risk Management	85,133	1,200	16,492	-	102,825
Ali Hasan Al-Mimi	General Auditor	119,659	2,040	22,861	2,000	146,560
Wael Ismail Asfour	Legal Advisor	104,791	1,200	22,064	800	128,855

In-kind Benefits Obtained by any Senior Executives Management Members: None

Salaries, Benefits and Allowances of the Resigned Senior Executives during 2018

(JD)

Name of Senior Management Member	Title	Annual Salaries	Annual Transportation Allowances	Annual Remunerations	Annual Travel Allowances	Total Annual Benefits
Ihab Ghazi Saadi	Chief Executive Officer	470,015	-	450,000	6,000	926,015
Dr. Jamal Ahmed Abu-Obaid	Executive Manager / Strategic Planning and Research	6,566	100	22,064	-	28,730

In-kind Benefits Obtained by Resigned Senior Executive Management Members: None

Major Shareholders 1% or more for 2018

Name	Nationality	Number of Shares	(%) of the Capital	Ultimate Beneficial Owners
Qatar National Bank	Qatari	108,615,827	34.481%	Qatar Investment Authority 51.93%
Kuwait Real Estate Investment Consortium	Kuwaiti	58,617,556	18.609%	Government of the State of Kuwait 99.127%
Libyan Foreign Bank	Libyan	53,866,193	17.100%	Central Bank of Libya 100%
Social Security Corporation/Jordan	Jordanian	48,485,331	15.392%	Itself
Iran Foreign Investments Company	Iranian	14,577,670	4.628%	Government of the Islamic Republic of Iran 100%
State General Reserve Fund / Oman	Omani	9,375,000	2.976%	Ministry of Finance/ Sultanate of Oman 100%
Total	-	**293,537,577**	**93.187%**	-

- Number of Jordanian Shareholders is 2,653; their holding constitutes 18.958% of the Capital.
- Number of Arab & Foreign Shareholders is 439 shareholders; their holding constitutes 81.042% of the Capital.

Major Shareholders (5% or more) and the number of shares owned by each of them

Name	Number of Shares as at the end of 2017	(%) of the Capital	Number of Shares as at the end of 2018	(%) of the Capital
Qatar National Bank	108,615,827	34.481%	108,615,827	34.481%
Kuwait Real Estate Investment Consortium	58,617,556	18.609%	58,617,556	18.609%
Libyan Foreign Bank	52,195,161	16.570%	53,866,193	17.100%
Social Security Corporation/Jordan	48,485,331	15.392%	48,485,331	15.392%
Total	**267,913,875**	**85.052%**	**269,584,907**	**85.583%**

The Bank's Competitive Position and its market share of the banking sector in some areas where it is located:

Description	Assets	Customers' Deposits	Direct Credit Facilities
Jordan	14.3%	14.5%	13.7%
Syria	7.4%	8.8%	7.2%
Palestine	4.3%	4.5%	2.6%

The Extent of Dependence on Specific Suppliers and /or Major Clients (Locally and Internationally).

There are no specific suppliers or customers, local or foreign, whose dealings with the Bank constitute more than 10% of the total purchases and/or sales.

Description of any Government Protection or any Privileges enjoyed by the Bank or by any of its Products and description of any Patents or Concessions.

Neither the HBTF nor any of its products enjoy any government protection or privileges by virtue of the Laws and Regulations. The Bank has not obtained any Patents or Concessions.

Description of any Decisions by the Government, International Organizations or others, having Material Effect on the Bank's Business, Products or Competitiveness.

No resolutions rendered by the Government, International Organizations or others have any material impact on the Bank, its products or competitiveness. The Bank applies the International Quality Standards.

Risk Management

As part of the Bank's normal business operations, the Bank is exposed to various types of risks, and these risks are set out in declaration no. 45 in the financial statements for 2018. The risk management department which is an independent department follows a comprehensive and effective approach in managing its major risks including Credit Risk, Market Risk, Liquidity Risk, Operational Risk, Cyber Security and Information Security. The risk management department reports directly to the CEO and to the Board risk committee. The diagram below shows the organizational structure of this department.

The Bank's Accomplishments supported by Figures and Description of Significant Occurrences which the Bank has undergone in 2018

Such accomplishments have been set out in the analysis of general performance.

The Financial Impact of Non-recurrent Transactions during 2018 which are not Part of the Bank's Main Activities

No non-recurrent transactions or any substantial matters occurred during 2018 which are not within the Bank's main activities.

Development of Profits, Shareholders' Net Equity, Share Price and Dividends

These are set out in the analysis of general performance.

Analysis of the Bank's Financial Position and the Results of its Operations during 2018

These are set out in the analysis of general performance.

Important Prospective Developments including any New Expansions or Projects and the Bank's Future Plan

These are set out in the Bank's Strategy for 2019.

Auditor's Fees for 2018

(JD)

Description	Audit Fees	Consultations and Other Fees	Total
Jordan Branches	108,576	87,555	**196,131**
Palestine Branches	28,101	13,665	**41,766**
Bahrain Branch	22,135	9,500	**31,635**
International Bank for Trade and Finance / Syria	32,300	7,980	**40,280**
The Housing Bank for Trade and Finance / Algeria	56,422	-	**56,422**
Jordan International Bank / London	107,398	-	**107,398**
Specialized Leasing Finance Co.	4,408	3,306	**7,714**
International Financial Center Co.	4,408	3,306	**7,714**
Jordan Real Estate Investments and Commercial Services Co.	2,320	-	**2,320**
Total	**366,068**	**125,312**	**491,380**

Donations and Grants in 2018

1. The Cash Donations

The cash donations provided by the Bank in 2018 amounted to JD921 thousand.

2. The In-Kind Donations

The book value of in-kind materials that have been donated throughout 2018 amounted to JD5,400, noting that the nominal value of these materials amounted to JD1.1 million.

Contracts, Projects and Engagements concluded with its Subsidiaries, Sister Companies, Affiliates, Chairman, Members of the Board of Directors, CEO or any employee in the Company or their Relatives

1. As set out in Note 41 mentioned in the Financial Statements of 2018, the Bank has entered into transactions with major shareholders, members of the Board of Directors and Senior Management in the course of ordinary activities using commercial rates of interest and commissions. All credit facilities granted to the relevant parties are considered performing and no provisions have been made therefor.
2. During 2018, the Bank didn't enter into Contracts, Projects and Engagements with its Subsidiaries, Sister Companies, Affiliates, Chairman, Members of the Board of Directors, CEO or any employee in the Company or their Relatives.

The Bank's Contribution to the Protection of the Environment and Local Community Service

During the year 2018, the Bank continued to support the environmental initiatives in the Kingdom, where it continued to finance the maintenance cost of the Housing Bank Park in Abdoun area. Additionally, the Bank adopts policies that aim at rationalizing water and energy consumption through applying modern techniques in this field in its branches and departments across the Kingdom. These techniques are represented in using eco-energy-saving lighting units with LED techniques instead of the traditional lighting units. Furthermore, the Bank has replaced the old air conditioners with new energy-saving air conditioners.

Compliance with Corporate Governance

- The Bank is committed to implement the principles of the Corporate Governance Code. A copy of this code can be found on the following link:
  https://www.hbtf.com/en/hbtf-corporate-governance-manual
- The Bank is committed to implement the principles of the IT Governance Code. A copy of this code can be found on the following link:
  https://www.hbtf.com/en/hbtf-corporate-governance-manual

Customers' Complaints Handling

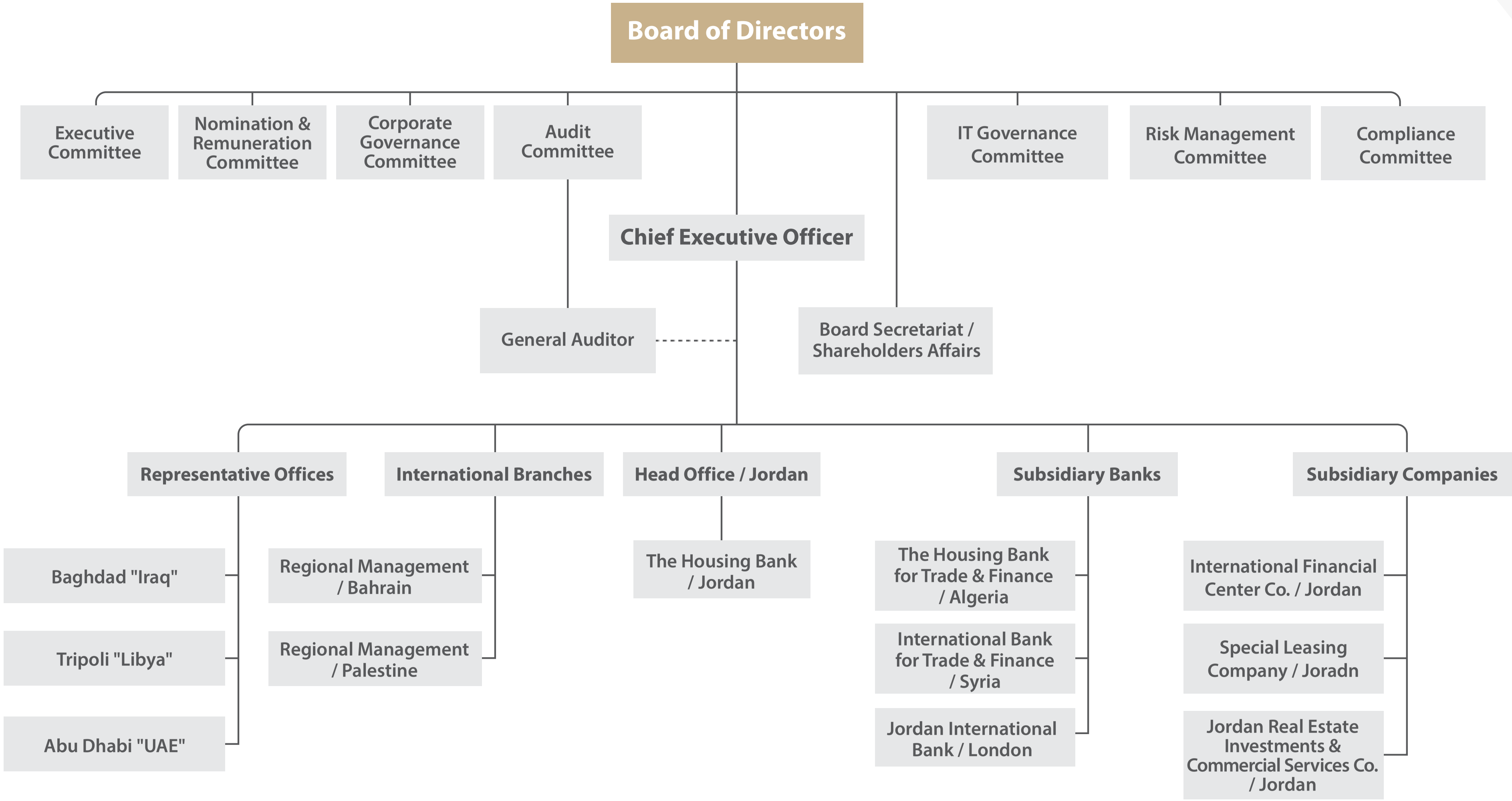
Out of the great importance that HBTF gives to customers complaints and maintaining high customer satisfaction, on 2013, the HBTF established a specialized and independent unit which is responsible for studying, analyzing and solving customers complaints in professional and transparent manners. This unit is supported with highly qualified resources to perform its tasks and achieve its objectives

During 2018, the unit received (1210) complaints concerning different aspects, such as: contracts and terms of dealing, work environment, interest rates, commissions and fees, code of professional conduct, online services, banking cards, transfers and product and services marketing. The unit has studied and analyzed all these complaints and updated the concerned customers with the results. In addition to registering the complaints in the Bank records after classifying if they are actual or not and the corrective actions taken. Within the same year, the unit submitted monthly detailed report to the top management, in addition to quarterly statistical report to the compliance committee with all complaints received, actions taken and the unit recommendations for any needed decisions or modifications to improve the procedures to reduce the complaints number. The Board of Directors has discussed these reports, evaluated the complaints and its effects on the bank reputation. In addition of evaluating the actions taken to solve the complaints, and its effectiveness to prevent repeating the same complaints

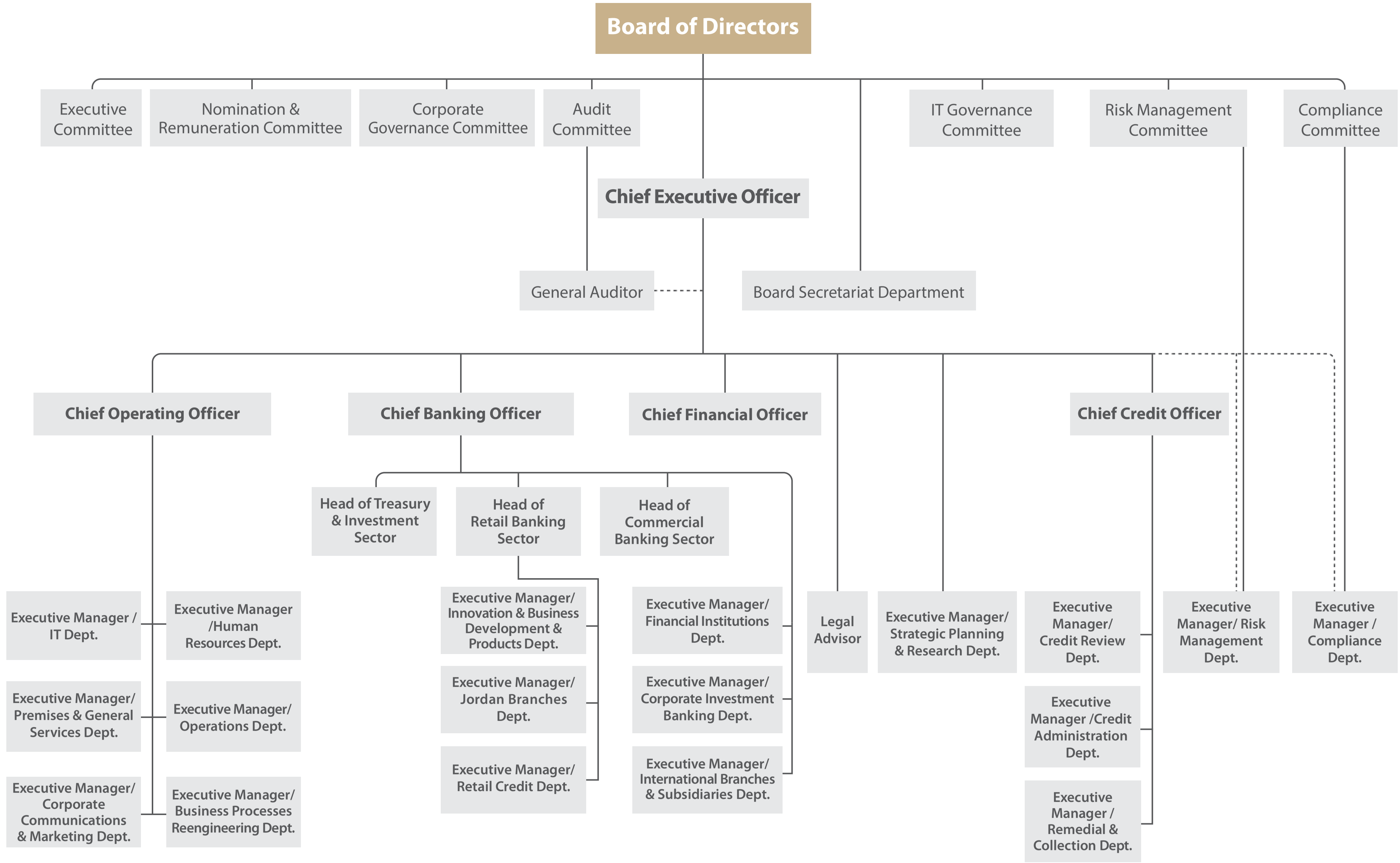
184 Branches and 3 Representative Offices
The Housing Bank Group

ORGANIZATIONAL STRUCTURE

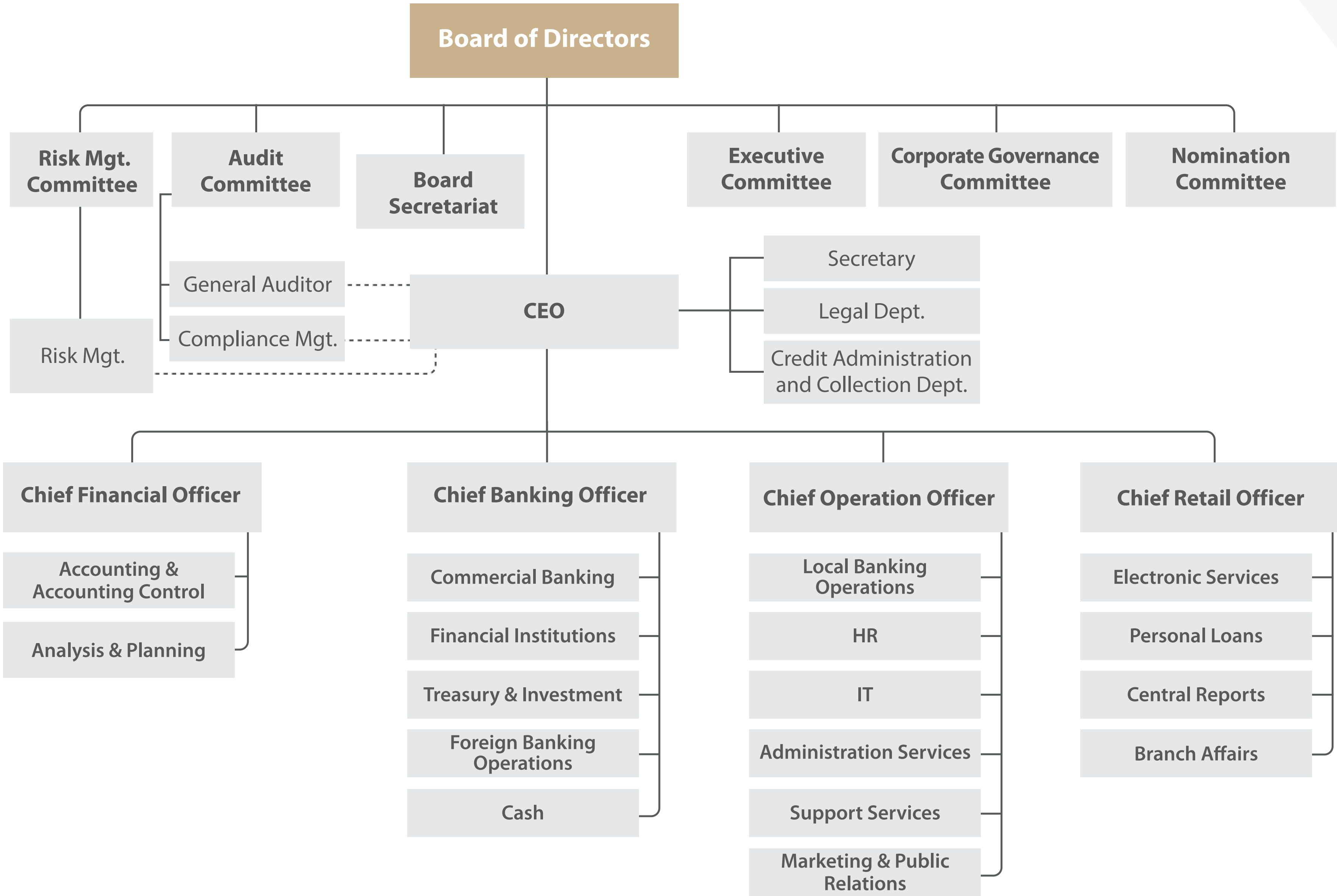
The Housing Bank For Trade and Finance - Group



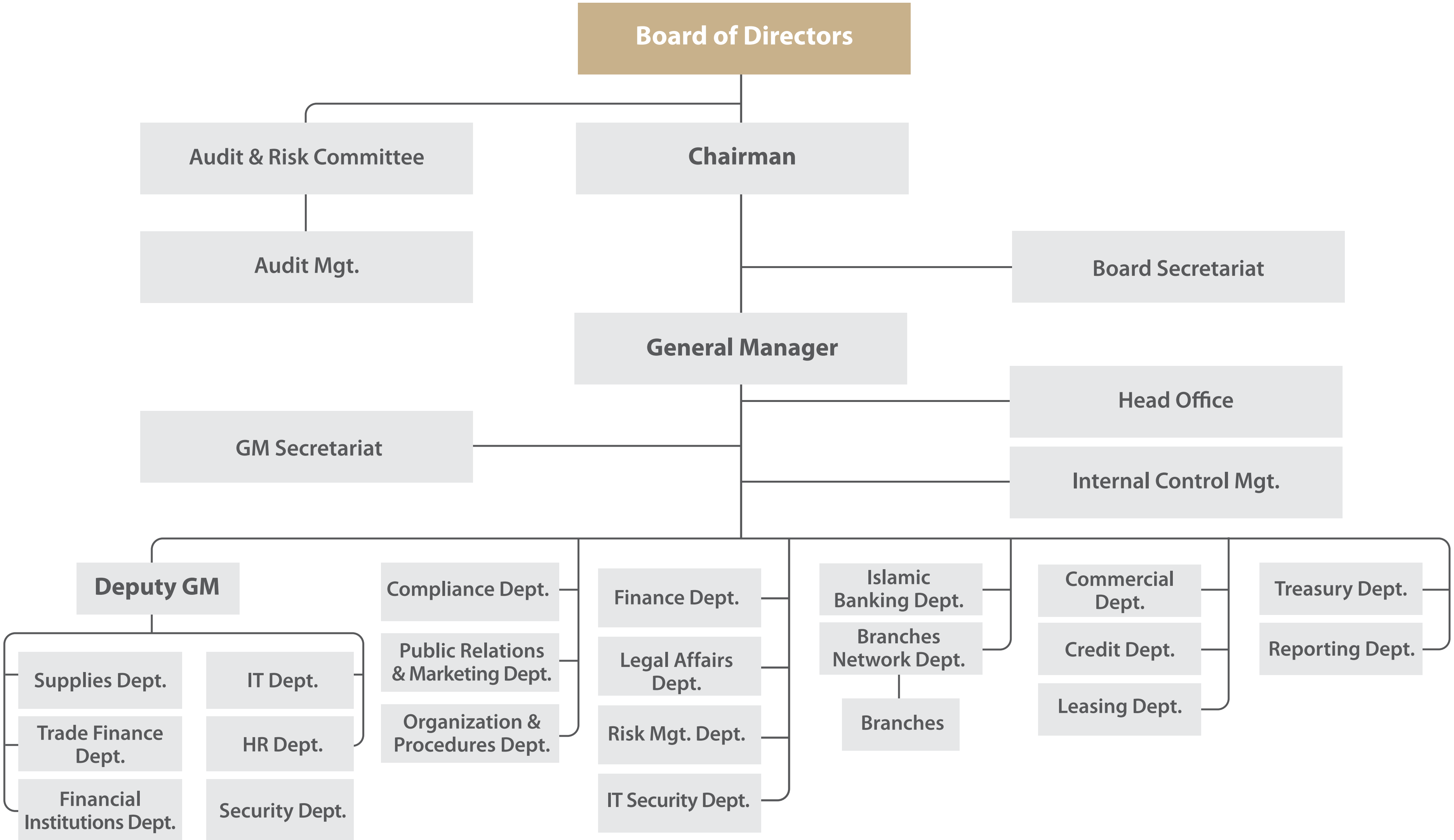
The Housing Bank For Trade and Finance - Jordan



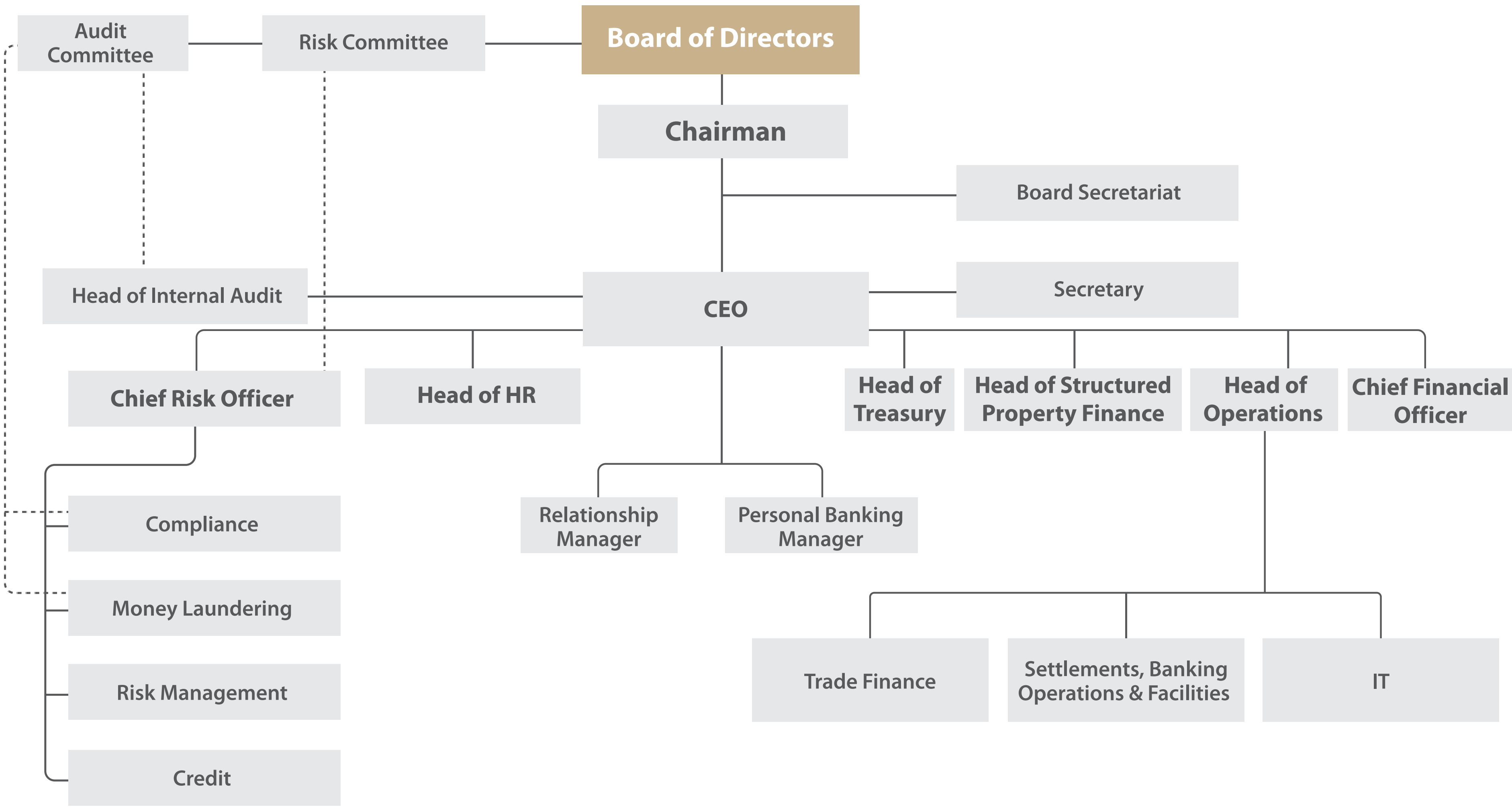
International Bank for Trade & Finance - Syria



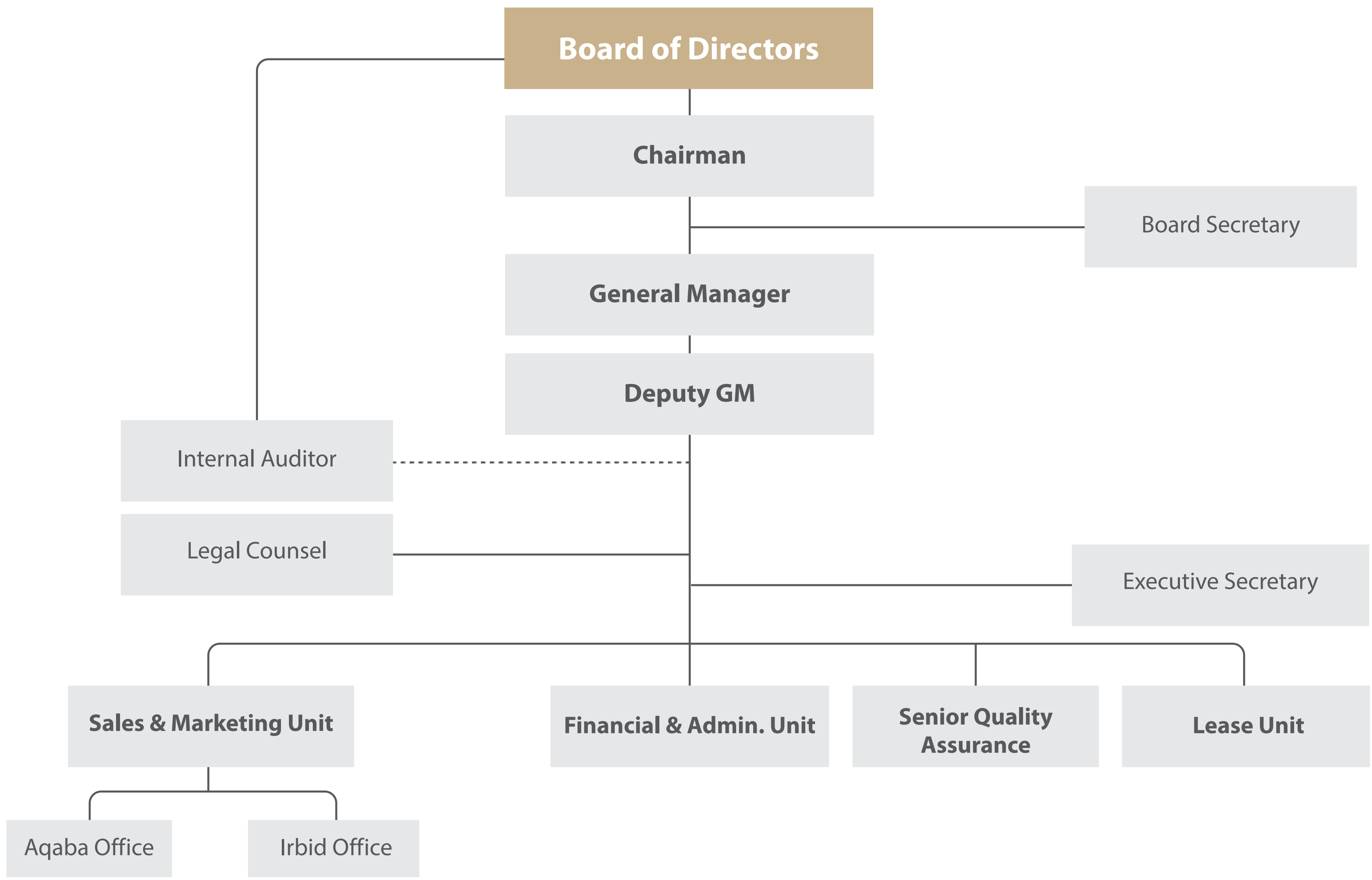
The Housing Bank for Trade & Finance – Algeria



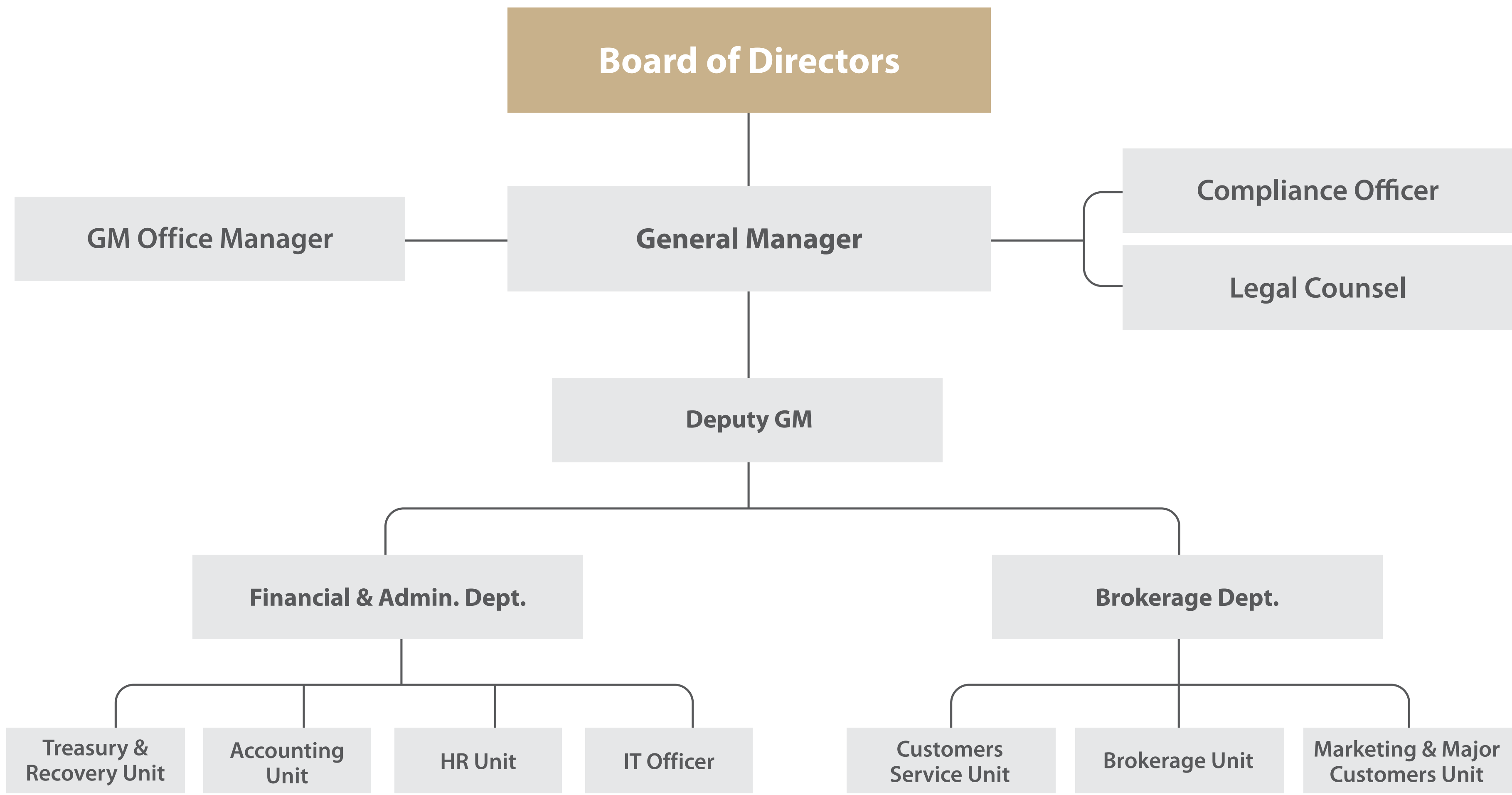
Jordan International Bank - London



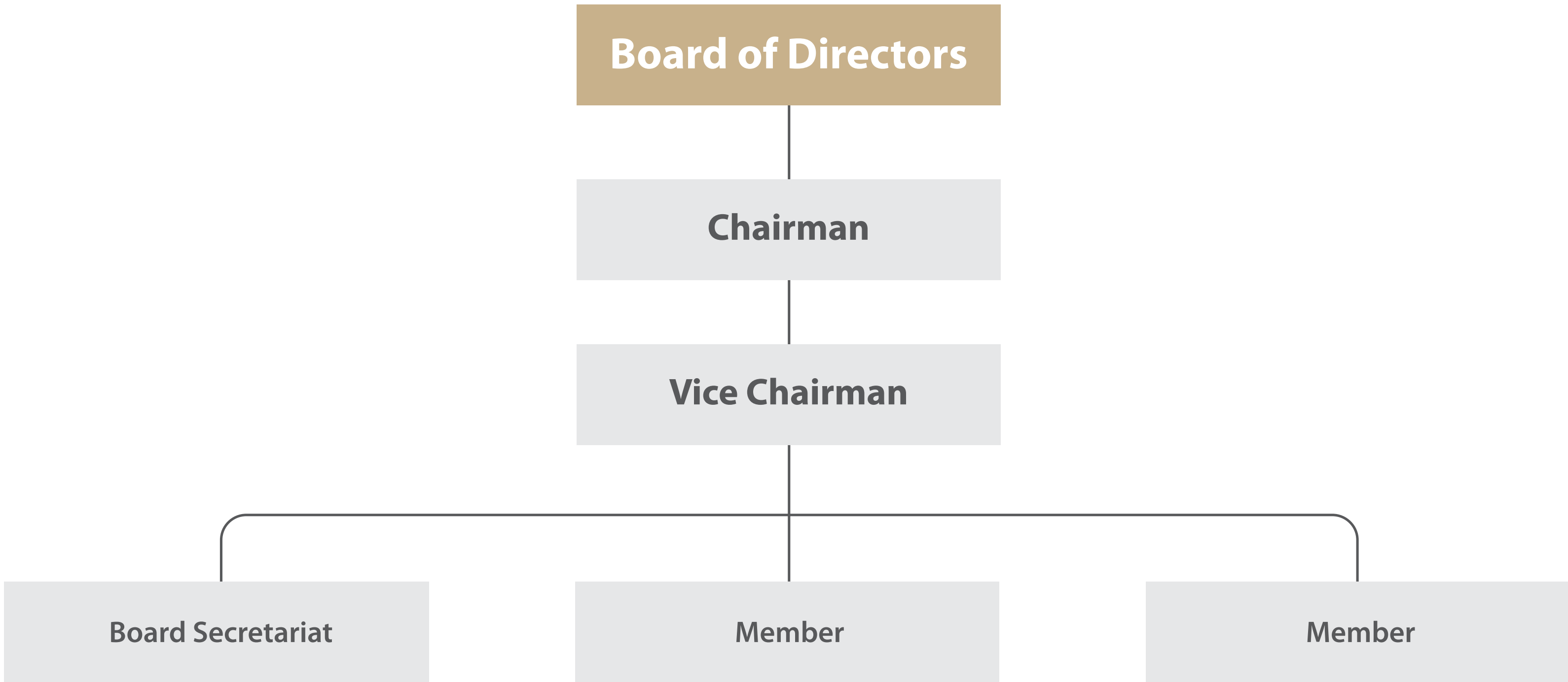
Specialized Leasing Company



International Financial Center Company



Jordan Real Estate Investments and Commercial Services Company



Addresses of the Bank's Branches

The Housing Bank for Trade & Finance Branches – Jordan

Branch	Phone 06-5005555 Ext.	Address	Coordinates		E-mail
			Latitude	Longitude	
Amman Governorate					
Main Branch	5095	Amman, Abdali, Parliament St.	31.9610301	35.9116501	br001@hbtf.com.jo
Suleiman Al-Nabulsi St.	3885	Amman, Abdali Boulevard project, Suleiman Al-Nabulsi St.	31.9631579	35.9054240	br001@hbtf.com.jo
Abdali mall	3490	Amman, Abdali, Abdali Mall	31.9632370	35.9081130	br001@hbtf.com.jo
Al Weibdeh	3890	Amman, Abdali, Suleiman Al-Nabulsi St., Building No. 2	31.9605600	35.9153600	br002@hbtf.com.jo
Al Madina	4058	Amman, King Hussein St. , Building No. 33	31.9540050	35.9317180	br003@hbtf.com.jo
Jabal Amman	4064	Amman, Jabal Amman, Prince Moh'd St. , Building No. 252	31.9547666	35.9149128	br004@hbtf.com.jo
Wadi Saqra	3421	Amman, Arar St. , Building No. 89	31.9564900	35.9138800	br004@hbtf.com.jo
Jabal Al Hussein	4085	Amman, Jabal Al Hussein, Khaled Bin Al Waleed St. , Building No. 121	31.9646200	35.9216300	br005@hbtf.com.jo
Wehdat	3889	Amman, Wehdat, Prince Hassan St., Building No. 263	31.9259200	35.9381300	br006@hbtf.com.jo
Foreign Travel	4474	Amman, Al Hajj Hassan District, Social Security Corporation building	31.9211341	35.9345492	br006@hbtf.com.jo
Marka	4103	Amman, Marka, King Abdullah St. , Building No. 423	31.9796500	35.9842700	br007@hbtf.com.jo
Jabal Al Taj	4121	Amman, Jabal Al Taj, Al Taj St., Building No. 76	31.9528200	35.9552800	br009@hbtf.com.jo
Prince Hasan Sub.	4130	Amman, South Marka , Al Rabwah Sub, Saleh Al Hamlan St., Al Khaseb Complex	31.9569336	35.9775482	br010@hbtf.com.jo
North Hashimi	4047	Amman, North Hashimi, Al Bathaa St. , Jawharat Al Bathaa Complex	31.9757390	35.9551350	br011@hbtf.com.jo
Ras Al Ein	4143	Amman, Ras Al Ain, Al Quds St. , Building No. 10	31.9433500	35.9222600	br012@hbtf.com.jo
Ashrafieh	3917	Amman, Ashrafieh, Imam Al Shafe' St. , Building No. 52	31.9372130	35.9333060	br013@hbtf.com.jo
Hawooz	4160	Amman, Jabal Amman, Omar Bin Al Khattab St. , Building No. 104	31.9482900	35.9222000	br014@hbtf.com.jo
Nuzha	4039	Amman, Nuzha, Said ibn Al- Musayyib St., Building No. 28	31.9741900	35.9262400	br015@hbtf.com.jo

Branch	Phone 06-5005555 Ext.	Address	Coordinates		E-mail
			Latitude	Longitude	
Sports City	4169	Amman, Sport's City , Al Shaheed St. , Building No. 35	31.9874900	35.9021700	br016@hbtf.com.jo
Salam	4779	Amman, Jabal Al Weibdeh, Shari'a College St. , Building No. 8	31.9572701	35.9205233	br017@hbtf.com.jo
Commercial Complex	2365	Amman, Shmeisani, Queen Noor St. , Building No. 91	31.9713580	35.9075820	br018@hbtf.com.jo
Prince Moh'd St.	5941	Amman, 9th Sha'ban St.	31.9516800	35.9278000	br019@hbtf.com.jo
Tareq	4187	Amman, Tareq, Tareq St.	32.0027010	35.9400830	br020@hbtf.com.jo
Abu Nussair	4194	Amman, Abu Nussair, Ibn Hadeh St., Al Psalh District	32.0524680	35.8792900	br023@hbtf.com.jo
Nazal Sub.	4202	Amman, Nazal Sub., Banu Thaqif St., Building No. 6	31.9361400	35.9156900	br024@hbtf.com.jo
Abdoun	4211	Amman, Abdoun, Cairo St. , Building No. 94	31.9535600	35.8793700	br025@hbtf.com.jo
Park Plaza	4884	Amman, Sweifieh, Salah Suheimat St., Park Plaza Mall	31.9585100	35.8690700	br026@hbtf.com.jo
Gardens	4233	Amman, Tla' Al Ali, Wasfi Al Tal St. , Building No. 18	31.9836750	35.8898240	br027@hbtf.com.jo
Shmeisani	4246	Amman, Shmeisani, Abdul Hameed Shoman St., Building No. 18	31.9679770	35.8974450	br028@hbtf.com.jo
Um Uthyna	4274	Amman, Um Uthyna, Sa'ad Ibn Abi Waqas St. , Building No. 47	31.9679400	35.8772400	br030@hbtf.com.jo
Jubeiha	4284	Amman, Jubeiha, Abdulla Ali Lozi St. , Building No. 31	32.0220890	35.8659870	br031@hbtf.com.jo
Sweileh	4305	Amman, Sweileh, Princess Raya Bint Al Hussein St. ,Building No. 26	32.0233600	35.8415600	br034@hbtf.com.jo
Sahab	4320	Amman, Sahab, Prince Hassan St. ,Building No. 24	31.8715500	36.0045300	br035@hbtf.com.jo
Abu Alanda	4334	Amman, Abu Alanda, Ibrahim Rashed Al-Hunaiti St., Building No. 32	31.9029020	35.9621510	br038@hbtf.com.jo
Juwaideh	4030	Amman, Juwaideh, Madaba St., Al-Waleed Building, Building No. 31	31.8791700	35.9328500	br039@hbtf.com.jo
Marj Al Hamam	3921	Amman, Marj Al Hamam, Nweran St., Dallah Circle	31.8941200	35.8385300	br041@hbtf.com.jo
Na'our	4347	Na'our, Intersection of Martyr Sub.	31.8697100	35.8213750	br042@hbtf.com.jo
Muwaqqar	3828	Amman, Mwaqqar Near Al Shaheed Saleh Al Khresha Circle, Building No. 32	31.8117670	36.1062470	br043@hbtf.com.jo
Tla' Al Ali	4357	Amman, Tla' Al Ali, Wasfi Al Tal St. , Building No. 193	31.9930300	35.8626900	br044@hbtf.com.jo
King Abdullah II City	4370	Amman, Sahab, King Abdullah II Industrial Estate	31.8525880	36.0075810	br045@hbtf.com.jo
Hurria St.	4898	Amman, Muqableen, Hurria St. , Building No. 140	31.8953718	35.9165294	br047@hbtf.com.jo

Branch	Phone 06-5005555 Ext.	Address	Coordinates		E-mail
			Latitude	Longitude	
Qwaismeh	3952	Amman, Qwaismeh, Ibn Alforat St., Building No. 79	31.9177600	35.9483600	br048@hbtf.com.jo
Bayader	4399	Amman, Bayader Wadi Al Seer, Husni Sobar St., Building No. 46	31.9544150	35.8386250	br049@hbtf.com.jo
Airport	5546	Amman, Queen Alia International Airport	31.7217170	35.9856760	br097@hbtf.com.jo
Ethaa'	3738	Amman, Prince Hassan St., Opp. to Hiteen College, Building No. 431	31.9083080	35.9384010	br102@hbtf.com.jo
Um Al Sumaq	4728	Amman, Um Al Sumaq, Awsarah St. , Building No. 17	31.9820440	35.8474450	br106@hbtf.com.jo
Children	3776	Amman, Shmeisani, Elia Abu Madi St., Haya Cultural Center	31.9660950	35.8968840	br109@hbtf.com.jo
Arrar St.	4756	Amman, Arar St. , Building No. 260	31.9638500	35.8887830	br111@hbtf.com.jo
Rabiyah	3744	Amman, Rabiyah District, Samer Borhum Complex	31.9754450	35.8838660	br115@hbtf.com.jo
Abdullah Ghosheh	4782	Amman, Abdullah Ghosheh St., Al Husini Complex, Building No. 55	31.9672240	35.8550510	br117@hbtf.com.jo
Al-Rawabi District	3485	Bayader- Queen Zein al-sharaf St. - company of marketing petroleum products	31.9583210	35.8516780	br117@hbtf.com.jo
Central Market	4793	Amman, Central Vegetable Market, Mamdouh Al Hadid St.	31.8644450	35.9576860	br119@hbtf.com.jo
Zahran	3765	Amman, Ibin Khaldon St., (Al Khaldi Hospital) Building No. 54	31.9522600	35.9015100	br121@hbtf.com.jo
Madina Munawarah	4908	Amman, Tla' Al Ali, Madina Munawarah St. , Building No. 194	31.9874500	35.8669300	br122@hbtf.com.jo
City Mall	4041	Amman, City Mall, Banks floor	31.9801040	35.8369950	br123@hbtf.com.jo
Medical City St.	4846	Amman, King Abdullah II St., Near Khalda Circle, Building No. 185	31.9971600	35.8309300	br124@hbtf.com.jo
Housing Bank Park / Abdoun	4115	Amman, Sa'ad Abdo Shamout St.	31.9410400	35.8841000	br128@hbtf.com.jo
Al-Yasmeen District	4954	Amman, Al-Yasmeen District, Jabal Arafat St., Building No. 13	31.9193700	35.8941000	br131@hbtf.com.jo
Mecca St.	4958	Amman, Mecca St., Al Husseini Complex, Building No. 141	31.9754000	35.8604200	br132@hbtf.com.jo
Taj Mall	3805	Amman, Sa'ad Abdo Shamout St., Taj Mall	31.9408500	35.8878800	br134@hbtf.com.jo
Jizah	3811	Jizah , Airport St., Near Provinciality Building	31.7084700	35.9508700	br135@hbtf.com.jo

Branch	Phone 06-5005555 Ext.	Address	Coordinates		E-mail
			Latitude	Longitude	
Private Banking Services	4003	Amman, 5th Circle, Riad Al Meflih St. , Building No. 7	31.9586710	35.8888780	br145@hbtf.com.jo
Manarah	3412	Amman, Manarah, Abu Taleb St., Building No. 3	31.9417240	35.9664090	br156@hbtf.com.jo
Airport St.	3479	Amman, Airport St., Near Universal Schools	31.8753550	35.8867770	br157@hbtf.com.jo
Deir Ghbar	4702	Amman – Deir Ghbar – Al Hashmeyeen St.	31.9431310	35.8720960	br159@hbtf.com.jo
Prince Rashed District	3837	Amman, Prince Rashed District, Princess Tharwat St.	31.9679310	35.8441910	br160@hbtf.com.jo
Sweifieh	4221	Amman, Sweifieh, Commercial Market, Mahmoud Obeidat St.	31.9585160	35.8653300	br161@hbtf.com.jo
Galleria Mall	3862	Amman, Sweifieh, Galleria Mall	31.9595270	35.8615530	br161@hbtf.com.jo
Dabouq	3797	Amman, Dabouq, Plaza Complex, Building No. 29	31.9918850	35.8138830	br162@hbtf.com.jo
Irbid Governorate					
Irbid	4939	Irbid, Al Hashimi St., Near Al Hashimi Mosque	32.5570904	35.8556376	br052@hbtf.com.jo
Prince Nayef St. / Irbid	4422	Irbid, Prince Nayef St., Endowments Building	32.5559900	35.8521900	br052@hbtf.com.jo
Ramtha	4487	Ramtha, Down Town, Nasser Al Tallaq St.	32.5616000	36.0113300	br060@hbtf.com.jo
Wasfi Al Tal St. / Ramtha	3844	Ramtha, Wasfi Al Tal St. , Fawaz AL Zoubi Complex	32.5664700	36.0154400	br060@hbtf.com.jo
North Shouna	3965	North Shouna, King Faisal St.	32.6100700	35.6097300	br061@hbtf.com.jo
Deir Abi Saeed	3978	Deir Abi Saeed, King Hussein St.	32.5041140	35.6845380	br063@hbtf.com.jo
Hakama	4521	Irbid, Hakama St., Hanina Intersection	32.5692200	35.8580900	br064@hbtf.com.jo
Huson	4525	Irbid, Huson, Irbid Amman St.	32.4877400	35.8838700	br065@hbtf.com.jo
Aidoun	3997	Irbid , Aidoun, Main St.	32.5081300	35.8563100	br067@hbtf.com.jo
Mashare’	4547	Irbid, Mashare’, Main St., Opp. Mashare’ Municipality, Talal al Gazawi Building	32.4418000	35.5941000	br070@hbtf.com.jo
Palestine St.	4570	Irbid, Palestine St., Wasfi Al-Tal Circle	32.5546100	35.8479100	br073@hbtf.com.jo
Kraymeh	3957	Kraymeh, Main St.	32.2753600	35.5984700	br079@hbtf.com.jo
Yarmouk	4601	Irbid , Shafiq Irsheedat St.	32.5422950	35.8506360	br080@hbtf.com.jo

Branch	Phone 06-5005555 Ext.	Address	Coordinates		E-mail
			Latitude	Longitude	
Al Hasan Industrial City	3980	Irbid, Al Hassan Industrial Estate	32.4996630	36.0209640	br114@hbtf.com.jo
Quba Circle	4828	Irbid , King Abdullah II St., Quba Circle	32.5462760	35.8576700	br120@hbtf.com.jo
Irbid Mall	3406	Irbid, Abdul Hameed Sharaf St. , Irbid Mall	32.5410750	35.8444850	br120@hbtf.com.jo
30th Street / Irbid	3821	Irbid, Andalus Sup., Rousan Commercial Complex	32.5545500	35.8630900	br136@hbtf.com.jo
Bani Kenana	3429	Irbid, Sama Rousan Intersection, Opp. Al-Sarow Municipality	32.6387640	35.8359890	br155@hbtf.com.jo
		Zarqa Governorate			
Qasr Shbeeb	4255	Zarqa, King Hussein St., Housing Bank Complex, Building No. 96	32.0636600	36.0843900	br029@hbtf.com.jo
Zarqa	4415	Zarqa, Commercial Center, Sultan Abdel Hameed St.	32.0619400	36.0919600	br051@hbtf.com.jo
Russeifa	4484	Zarqa, Russeifa, King Hussein St. , Building No. 184	32.0181530	36.0416570	br059@hbtf.com.jo
Hiteen	3756	Zarqa, Hiteen Camp, King Abdullah St. , Building No. 452	32.0071500	36.0072300	br066@hbtf.com.jo
Oujan	3784	Zarqa, Oujan, Oujan Intersection, Building No. 2, Opp. Military Consumer Establishment	32.0290200	36.0732200	br077@hbtf.com.jo
Jabal Al Shamali	4686	Russeifa, Jabal Shamali, King Abdullah II St. , Building No. 218	32.0280720	36.0361730	br093@hbtf.com.jo
Dlail	4697	Zarqa , Dlail, Jaish St., Qasr Al Halabat Intersection	32.1320100	36.2726700	br101@hbtf.com.jo
North Azraq	4735	North Azraq, Baghdad Main St., Saead Al Awar Complex	31.8829200	36.8327800	br107@hbtf.com.jo
Ma'soum Sub.	4740	Zarqa , Masoum Sub., King Abdullah II Circle	32.0779470	36.0746310	br108@hbtf.com.jo
Free Zone / Zarqa	4839	Zarqa, Free Zone	32.0901310	36.2146440	br127@hbtf.com.jo
New Zarqa	4918	Zarqa, New Zarqa, Mecca St., Kurdi Plaza Complex	32.0857580	36.0867180	br129@hbtf.com.jo
Zarqa Highway	3870	Zarqa, Zarqa Highway, Housing Bank Building	32.0448310	36.0940010	br140@hbtf.com.jo
		Balqa Governorate			
Fuhais	4294	Fuhais, King Abdullah II St., Akef Swias Building	32.0018230	35.7773680	br032@hbtf.com.jo
Salt	3714	Salt, Al Maydan St.	32.0427646	35.7270630	br033@hbtf.com.jo
Baqa'	4380	Amman, Baqa' Camp, Near Salah Eddine Mosque	32.0764630	35.8418450	br046@hbtf.com.jo

Branch	Phone 06-5005555 Ext.	Address	Coordinates		E-mail
			Latitude	Longitude	
Deir Alla	4468	Deir Alla, Al Sawalha, Abu Ubaidah St.	32.1839500	35.6213500	br057@hbtf.com.jo
South Shouna	4505	South Shouna, Al Salt St., Government Depts. Complex	31.9002700	35.6212200	br062@hbtf.com.jo
Karameh	3972	Karameh, Main St.	31.9494930	35.5802040	br074@hbtf.com.jo
Salt Gate	4989	Salt City Gate – Dabbabneh Traffic Lights opposite Salt Shari'a Court	32.0574200	35.7471000	br133@hbtf.com.jo
Karak Governorate					
Karak	4641	Karak, Municipality Building, Al Nuzha St.	31.1851800	35.7035740	br084@hbtf.com.jo
Potash	4646	Karak, Ghour Al Mazra' , Housing City	31.2448670	35.5290940	br085@hbtf.com.jo
Mu'ta	4667	Mu'ta ,University St.	31.0914300	35.7016800	br088@hbtf.com.jo
Qaser	4764	Karak , Qaser, Main St.	31.3102500	35.7434600	br113@hbtf.com.jo
Thaniah	3864	Karak, Thaniah, opposite Directorate of Agriculture	31.1724600	35.7360020	br162@hbtf.com.jo
Ma'an Governorate					
Ma'an	4633	Ma'an, King Hussein bin Talal St.	30.1958291	35.7352665	br083@hbtf.com.jo
Petra	3721	Wadi Mousa, Main St., Martyr Circle	30.3209800	35.4806600	br086@hbtf.com.jo
Shobak	4662	Shobak, Najel, Main St.	30.5191800	35.5417700	br087@hbtf.com.jo
Sheidieh	4715	Ma'an, Sheidieh Mine	29.9311280	36.1371310	br104@hbtf.com.jo
Husseiniya	3854	Ma'an, Husseiniya, Municipality Building	30.5948240	35.7982920	br137@hbtf.com.jo
Madaba Governorate					
Madaba	4979	Madaba, King Abdullah St.	31.7192400	35.7919200	br056@hbtf.com.jo
German -Jordanian University	3481	Madaba, almushagar, back yard avenue comlex	31.7789240	35.8009530	br056@hbtf.com.jo

Branch	Phone 06-5005555 Ext.	Address	Coordinates		E-mail
			Latitude	Longitude	
		Mafraq Governorate			
Mafraq	4445	Mafraq, King Talal St.	32.3430160	36.2087720	br054@hbtf.com.jo
Western Complex / Mafraq	3874	Mafraq - King Abdullah II St. - Al Hejaz Railway Complex	32.3447230	36.2058330	br054@hbtf.com.jo
		Ajloun Governorate			
Ajloun	3943	Ajloun, Alqalaa St., Opp. Municipality Building	32.3327700	35.7516200	br053@hbtf.com.jo
Kufranjah	3935	Ajloun , Kufranjah, Main St.	32.2981500	35.7042490	br072@hbtf.com.jo
		Tafileh Governorate			
Tafileh	4624	Tafileh, Main St.	30.8369100	35.6057000	br082@hbtf.com.jo
Hasa	4676	Hasa, Housing City, New Commercial Market	30.8555400	35.9728800	br089@hbtf.com.jo
		Aqaba Governorate			
Aqaba	4613	Aqaba, King Hussein St., Housing Bank Complex	29.5260041	35.0019094	br081@hbtf.com.jo
Shuwaikh Mall	4996	Aqaba, Shuwaikh Mall Building	29.5438900	35.0156300	br081@hbtf.com.jo
		Jarash Governorate			
Jarash	4451	Jarash, Wasfi Al Tal St. , Opp. Qirwan Circle	32.2821420	35.8949380	br055@hbtf.com.jo
		Mobile Bus			
Mobile Bus 1	5542	These branches tour all regions of the Kingdom			br139@hbtf.com.jo
Mobile Bus 2	4554				br158@hbtf.com.jo

The Housing Bank for Trade & Finance Branches – Outside Jordan

Branch	Phone	Address	E-mail
Regional Management/ Palestine	**+ 970 2 2945500**	**Ramallah, AlQuds St., Padico Building, P.O. Box 1473**	**Info.pal@hbtf.com.jo**
Ramallah	+ 970 2 2945500	Al Bareed St., Rukab Building, P.O. Box 1473	br401@hbtf.com.jo
Gaza	+ 970 8 2826322	Al Shuhada' St., Palestine Tower, P.O. Box 5010	br402@hbtf.com.jo
Nablus	+ 970 9 2386060	Al Hussein Circle, Al Huwari Building, P.O. Box 1660	br403@hbtf.com.jo
Hebron	+ 970 2 2250055	Wadi Al Tufah St., Al Manarah Circle, P.O. Box 285	br404@hbtf.com.jo
Halhoul	+ 970 2 2299602	Main Hebron – Jerusalem St., P.O. Box 1	br405@hbtf.com.jo
Beir Zeit	+ 970 2 2945500	Ramallah , Main St., Near Main Circle, P.O. Box 40	br406@hbtf.com.jo
Khan Younis	+970 8 2079401	Gaza, Abu Humaid Circle, Jalal St., P.O. Box 7073	br407@hbtf.com.jo
Jenin	+ 970 4 2505223	Abu Baker St., P.O. Box 50	br408@hbtf.com.jo
Bethlehem	+970 2 2740375	Al Mahd St., City Center, P.O. Box 30	br409@hbtf.com.jo
Yata	+ 970 2 2273301	Hebron, Yata, Roqa'a St., Near Police Station	br410@hbtf.com.jo
Tormosaya	+ 970 2 2805263	Ramallah, Tormosaya, Abu Raslan Complex, P.O. Box 4	br411@hbtf.com.jo
Dahriyeh	+ 970 2 2266779	Hebron, Dahriyeh, Near Dahriyeh Police Station	br412@hbtf.com.jo
Masyoon	+ 970 2 2945500	Ramallah, AlQuds St., Padico Building, P.O. Box 1473	br413@hbtf.com.jo
Rafedia	+ 970 9 2353612	Nablus, Yaser Arafat President St.	br414@hbtf.com.jo
Tulkarem	+ 970 9 2696662	Al-Quds Open University, beside KFC Restaurant	br415@hbtf.com.jo
Bahrain Branch	**+973 17 225227**	**Bahrain, Al Manama Center, Govt. St., P.O. Box 5929**	**bahrain@hbtf.com.jo**

Addresses of Subsidiaries

International Bank for Trade & Finance / Syria

Branch	Phone	Address
Head Office	**+ 963 11 23880000**	**Damascus , Sabe'a Bahrat , Pakistan St., P.O. Box 10502** **www.ibtf.com.sy** **e-mail: info@ibtf.com.sy**
Hejaz	+ 963 11 2260500	Damascus – Hejaz Square
Pakistan	+ 963 11 23880000	Damascus – Pakistan St.- opp. Maraya Restaurant
Dama Roze	+ 963 11 2241140	Damascus – Dama Roze Hotel
Yarmouk	+ 963 11 6376400	Damascus – Yarmouk St.
Housh Plas	+963 950009001	Damascus – Der'a Highway – opp. Town Center
Duma	+ 963 11 5750766	Damascus – Duma
Dummar Project	+ 963 11 3123671	Damascus – Dummar Project – Cham Central Market
Hareeka	+ 963 11 2260222	Damascus – Hareeka Square
Jaramana	+ 963 11 5615020	Damascus – President Square
Qass'a	+ 963 11 4430195	Damascus – Russians Tower
Mezzeh	+ 963 11 6117086	Damascus – Mezzeh – opp. Jala'a Club
Tijarah	+ 963 11 4434210	Damascus – Corniche Tijarah
Fardous	+ 963 11 2327081	Damascus – Fardous St.
Zabadani	+ 963 11 7111792	Damascus – Zabadani – Al Mahta St.

Branch	Phone	Address
Masaken Barzeh	+ 963 11 5117774	Damascus – Masaken Barzeh – opp. Hamich Hospital
Abu Rummaneh	+963 11 3348717	Damascus – Abu Rummaneh
Homs	+ 963 31 2485979	Homs – Engineers Pension Fund Building
Tartus	+ 963 43 321355	Tartus – Banks St.
Faisal	+ 963 21 2262303	Aleppo – King Faisal St.
Sheraton	+ 963 21 2125303	Aleppo – Sheraton Hotel
Jmeleyeh	+ 963 21 2231945	Aleppo – Jmeleyeh
Sheikh Najjar	+ 963 21 4712860	Aleppo – Sheikh Najjar – Industrial City
Shahba' Mall	+ 963 21 2520092	Aleppo –Shahba' Mall
Dar'a	+ 963 15 210291	Dar'a – Hanano St.
Hama	+ 963 33 2243100	Hama – Alameen St.
Muhardeh	+963 33 4731072	Hama – Muhardeh – Gadah shoa'a St.
Hasakeh	+ 963 52 316543	Hasakeh – President Square – Salah Eddine St.
Latakia	+ 963 41 459373	Latakia – Baghdad St.
Sweida	+ 963 16 322191	Sweida – Teshreen Square
Kamishli	+ 963 52 431789	Kamishli – Quwatli circle
Deir Al Zor	+ 963 51 241800	Deir Al Zor – Main St.- opp. Al-Kindi Cinema

The Housing Bank for Trade & Finance /Algeria

Branch	Phone	Address	E-mail
Head Office	**+ 213 21 91 88 88**	**Algeria , 16 Ahmad Waked St., Dali Ibrahim www.housingbankdz.com**	**housingbank@housingbankdz.com**
Dali Ibrahim	+ 213 21 91 88 88	Algeria – 16 Ahmad Waked St.–Dali Ibrahim	Agence-101@housingbankdz.com
Blida	+ 213 25 21 30 70	Algeria – 61 Alarabi Tebessi St. Blida Municipality, Blida	Agence-102@housingbankdz.com
Oran	+ 213 41 23 02 70	Algeria – 10 Tawnia Albahia St., Oran	Agence-103@housingbankdz.com
Setif	+ 213 36 53 85 78	Algeria -20 First Nov. 1954 St., Setif	Agence-104@housingbankdz.com
Dar al Bayda'	+ 213 21 75 46 87	Algeria – 59 Mohammad Khemisti St, Dar al Bayda'	Agence-105@housingbankdz.com
Bgayet	+ 213 34 11 33 51	Algeria – Tajz'at Krim Belkacem, Altawniah Alaqaria 45 Maskan, Bgayet	Agence-106@housingbankdz.com
Constantine	+ 213 31 74 02 07	Algeria – 6 lellouche Belhadj Mostefa hammou SMK, Constantine	Agence-107@housingbankdz.com

Jordan International Bank / London	**+44 20 3 144 0200**	**Almack House, 26-28 King Street, London SW1Y 6QW www.jordanbank.co.uk**	**info@jordanbank.co.uk**

Subsidiary Companies

Company		Phone	Address	Web Site	E-mail
Specialized Leasing Co.	Head Office	+ 962 6 5521230	Um Uthyna – Sa'ad Ibn Abi Waqas St., Housing Bank Building, P.O. Box 1174 – Amman 11118	www.slcjo.com	slc@hbtf.com.jo
	Irbid Office	+ 962 2 7250308	Irbid , King Abdullah II St., Quba Circle		
	Aqaba Office	+962 3 2033428	Aqaba, King Hussein St. , Savings Fund Building for Royal Jordanian Employees, 3rd Floor Office 301.		
International Financial Center Co.		+ 962 6 5696724	Shmeisani, Housing Bank Complex ,2nd Floor, P.O. Box 940919, Amman 11194	www.ifc.com.jo	info@ifc.com.jo
Jordan Real Estate Investments & Commercial Services Co.		+962 6 5005555	Amman, 9th Sha'ban St.	www.hbtf.com	info@hbtf.com.jo

Representative Offices

Office	Phone	Address	E-mail
Tripoli / Libya	+ 218 213350610	Tripoli, Tripoli Tower, First Tower, Floor 15, Office 155, P.O. Box 91270	hbtfLibya@hbtf.com.jo
Abu Dhabi / U.A.E	+971 26268855	Abu Dhabi, Hamoudeh Bin Ali Building,12th Floor, Sheikh Khalifa St., P.O. Box 44768	hbtfAbudhabi@hbtf.com.jo
Baghdad / Iraq	+964 79 01328647	Baghdad, Al Arsat Al Hindeya St., Area No. 929, St. No. 30, Building No. 108 Babel Sub.	ifaham@hbtf.com.jo

www.hbtf.com