INVESTBANK

(A PUBLIC SHAREHOLDING COMPANY LIMITED)

Amman - Hashemite kingdom of Jordan

Reissued consolidated financial statements

31 December 2020

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Table of contents	**Page**
Independent Auditors' Report	1-5
Reissued Consolidated Statement Of Financial Position	6
Reissued Consolidated Statement Of Profit Or Loss	7
Reissued Consolidated Statement Of Other Comprehensive Income	8
Reissued Consolidated Statement Of Changes In Equity	9
Reissued Consolidated Statement Of Cash Flows	10
Notes To The Reissued Consolidated Financial Statements	11- 140

Independent Auditor's Report

To the Shareholders of
Invest Bank
Public Shareholding Company
Amman – The Hashemite Kingdom of Jordan

Report on the Audit of reissued Consolidated Financial Statements

Opinion

We have audited the reissued consolidated financial statements of **Invest Bank (the "Bank") and its subsidiaries (together the "Group")** which comprise the consolidated statement of financial position as at 31 December 2020, consolidated statements of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, the notes to the reissued consolidated financial statements and significant accounting policies and other explanatory information.

In our opinion, the accompanying reissued consolidated financial statements present fairly, in all material respects, the consolidated financial position Invest Bank (the "Bank") and its subsidiaries (together the "Group") as at 31 December 2020 and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as amended by the Central Bank of Jordan instructions.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the reissued Consolidated Financial Statements* section of our report. We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is enough and appropriate to provide a basis for our opinion.

Emphasis of matter paragraph - reissuance of the consolidated financial statements

We draw attention to notes (10) and (51) to the accompanying reissued consolidated financial statements, which describe the amendments made to the previously issued consolidated financial statements following a request by the Central Bank of Jordan that required a reclassification of expected credit losses provision of JD 14.5 million from stage one to stage three. These reissued consolidated financial statements were approved by the management on 12 April 2021.

This reissued audit report replaces our previously issued audit report on the consolidated financial statements issued and dated on 11 February 2021. Our opinion is not modified with respect to this matter.

Key audit matter	How we responded to key audit matter
Measurement of expected credit loss The Group applies the Expected Credit Loss model (ECL) on all its financial instruments measured at amortised cost, debt instruments measured at fair value through other comprehensive income and financial guarantee contracts including financing commitments in accordance with International Financial Reporting Standards as amended by the Central Bank of Jordan instructions. The Group exercises significant judgement and makes a number of assumptions in developing its ECL models, which includes probability of default computation separately for retail and corporate portfolios, determining loss given default and exposure at default for both funded and unfunded exposures, forward looking adjustments and staging criteria. For defaulted exposures, the Group exercises judgements to estimate the expected future cash flows related to individual exposures, including the value of collateral. The Group's impairment policy under IFRS 9 as amended by the Central Bank of Jordan Instructions is presented in Note (3) to the reissued consolidated financial statements. Measurement of ECL is considered as a key audit matter as the Group applies significant judgments and makes a number of assumptions in the staging criteria applied to the financial instruments as well as in developing ECL models for calculating its impairment provisions.	We performed the following audit procedures on the computation of the ECL included in the Group's reissued consolidated financial statements for the year ended 31 December 2020: ➢ We assessed and tested the design and operating effectiveness of the controls over the calculation of the excepted credit losses model. ➢ We tested the completeness and accuracy of the data used in the calculation of ECL. ➢ For a sample of exposures, we checked the appropriateness of the Group's application of the staging criteria. ➢ We involved our internal specialists to assess the following areas: • Conceptual framework used for developing the Group's impairment policy in the context of its compliance with the requirements of IFRS 9 as amended by the Central Bank of Jordan instructions. • ECL modelling methodology and calculations used to compute the probability of default (PD), loss given default (LGD), and exposure at default (EAD) for the Group's classes of financial instruments. • Reasonableness of the assumptions made in developing the modelling framework including assumptions used for estimating forward looking scenarios and significant increase in credit risk. • Recalculation of the expected credit losses for a sample of the impaired financial assets at each stage. • Evaluating the impact of COVID 19 on expected credit losses model in relation to the future economic outlook, macroeconomic data, the probability of default, and the losses resulting from default and its associated weights.

	➢ In addition, for the Stage 3 corporate portfolio, the appropriateness of provisioning assumptions were independently assessed for a sample of exposures selected on the basis of risk and the significance of individual exposures. An independent view was formed on the levels of provisions recognised, based on the detailed loan and counterparty information available in the credit file. For the Stage 3 retail portfolio, assumptions were independently assessed for each product category and an independent view was formed on the levels of provisions recognised at each category level . ➢ We recalculated the provision for non-performing loans in accordance with the Central Bank of Jordan Instructions Number (47/2009). ➢ We compared the expected credit loss calculated in accordance with IFRS 9 as amended by the Central Bank of Jordan Instructions with the provision for expected credit losses calculated in accordance with the instructions of the Central Bank of Jordan No. (47/2009) and ensured that the Group has recorded whichever is higher. ➢ We assessed the reissued consolidated financial statement disclosures to ensure compliance with IFRS 7 and IFRS 9 as amended by the Central Bank of Jordan Instructions. We have also ensured completeness and accuracy of the disclosures by verifying the information to accounting records.

Other Information

The directors are responsible for the other information. The other information comprises all the other information included in the Group's annual report for the year 2020 (but does not include the reissued consolidated financial statements and our auditor's report therein), which is expected to be made available to us after the date of this auditor's report.

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

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

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

The directors are responsible for the preparation and fair presentation of the reissued consolidated financial statements in accordance with International Financial Reporting Standards as modified by the Central Bank of Jordan instructions and for such internal control as management determines is necessary to enable the preparation of the reissued consolidated financial statements that are free from material misstatement, whether due to fraud or error .

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

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

Auditor's responsibilities for the audit of the reissued consolidated financial statements

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

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

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

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

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

Other matter

The comparative consolidated financial statements for the year ended 31 December 2019, have been audited by PricewaterhouseCoopers "Jordan", which issued an unqualified opinion on the 5 February 2020, and in accordance with the Central Bank of Jordan's instructions in regard to banks' corporate governance, PricewaterhouseCoopers "Jordan" and Kawasmy and Partners KPMG, were assigned for a joint audit for the year 2020.

Report on Other Legal and Regulatory Requirements

The Group maintains proper accounting records duly organized and in line with the accompanying reissued consolidated financial statements. We recommend that the General Assembly of Shareholders approve these reissued consolidated financial statements, taking into consideration the Emphasis of matter paragraph and the other matter mentioned above.

The accompanying reissued consolidated financial statements are a translation of the statutory reissued consolidated financial statements which are in the Arabic Language and to which reference should be made.

For and on behalf of

PricewaterhouseCoopers "Jordan"
Hazem Sababa
License No. (802)
Amman-Hashemite Kingdom of Jordan

13 April 2021

Kawasmy and Partners KPMG
Hatem Kawasmy
License No. (656)

Certified Public Accountants
pwc
Amman - Jordan

KPMG
Kawasmy & Partners Co.

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Reissued Consolidated Statement Of Financial Position

As at 31 December 2020

	Notes	31 December 2020	31 December 2019
		JD	JD
Assets			
Cash and balances at the Central Bank of Jordan	4	90,377,554	120,759,451
Balances at banks and financial institutions	5	70,941,436	57,764,189
Deposits at banks and financial institutions	6	399,949	6,752,924
Financial assets at fair value through statement of Profit or loss	7	5,961	9,667
Direct credit facilities - net	10	731,932,007	674,286,869
Financial assets at fair value through other comprehensive income	8	39,243,610	43,941,650
Financial assets at amortized cost	9	172,871,636	169,034,592
Property and equipment- net	11	29,030,141	29,525,829
Intangible assets	12	2,766,093	2,615,620
Deferred tax assets	21	17,118,215	11,472,794
Other assets	13	64,670,423	56,593,860
Right of use of leased assets	14	5,102,151	6,021,892
Total assets		1,224,459,176	1,178,779,337
Liabilities and Equity			
Liabilities			
Bank and financial institutions deposits	15	30,489,935	12,923,564
Customers deposits	16	766,814,623	764,774,867
Cash margins	17	35,650,789	37,955,674
Borrowed funds	18	166,797,207	130,176,032
Bonds	19	11,410,000	14,850,000
Lease liabilities	14	3,611,852	4,319,832
Sundary provisions	20	765,666	1,022,532
Provision for income tax	21	6,189,284	5,814,560
Deferred tax liabilities	21	5,117,743	7,337,607
Other liabilities	22	15,923,551	17,593,780
Total liabilities		1,042,770,650	996,768,448
Equity			
Bank's shareholders' equity			
Authorized share capital	23	100,000,000	100,000,000
Subscribed and paid in share capital	23	100,000,000	100,000,000
Statutory reserve	24	30,643,329	29,728,357
Financial assst revaluation reserve	25	8,560,247	12,255,295
Retained earnings	26	39,363,524	35,387,832
Total equity attributable to the Bank's shareholders		178,567,100	177,371,484
Non-controlling interest	28	3,121,426	4,639,405
Total equity		181,688,526	182,010,889
Total Liabilities and Equity		1,224,459,176	1,178,779,337

The accompanying notes are 1 to 51 form an integral part of these consolidated financial statements and shall be read in conjunction therewith.

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Reissued Consolidated Statement Of Profit Or Loss

For the year ended 31 December 2020

	Notes	For the year ended 31 December 2020 JD	2019 JD
Interest income	29	70,374,650	76,460,109
Interest expense	30	(35,307,973)	(41,859,280)
Net interest income		35,066,677	34,600,829
Net commission revenue	31	9,901,433	10,959,626
Net interest and commissions income		44,968,110	45,560,455
Gains from foreign currencies	32	719,047	957,015
Gain from financial assets at amortized costs	9	34,883	344,828
Gains from financial assets at fair value through statement of profit and loss	33	257,909	3,625
Cash dividends from financial assets at fair value through other comprehensive income	8	3,211,974	3,074,579
Other revenue	34	2,462,299	3,518,415
Gross income		51,654,222	53,458,917
Employee expenses	35	(15,197,704)	(15,778,464)
Depreciation and amortization	11, 12, 14	(2,956,666)	(3,176,892)
Donations of COVID 19 pandemic		(730,000)	-
Other expenses	36	(8,034,873)	(8,956,692)
(Provision) Recoveries from the provisions for impairment of assets seized by the Bank in settlement of outstanding debts and the provision for real estate acquired in accordance with the instructions of the Central Bank of Jordan	13	(241,188)	162,669
Provision for expected credit losses on direct credit facilities	10	(15,633,255)	(2,155,060)
(Provision) Recoveries from expected credit losses of other assets and items off the statement of financial position in accordance with IFRS 9	37	(499,201)	279,222
Sundry provision	20	(496,999)	(923,165)
Total expenses		(43,789,886)	(30,548,382)
Income for the year before income tax		7,864,336	22,910,535
Income tax	21	(1,861,067)	(6,810,519)
Net income for the year		6,003,269	16,100,016
Attributable to:			
Shareholders of the Bank		5,758,958	15,683,801
Non-controlling interest	28	244,311	416,215
		6,003,269	16,100,016
		JD/ share	JD/ share
Basic and diluted earnings per share from net profit for the year attributable to shareholders of the Bank	38	0.058	0.157

The accompanying notes from 1 to 51 are an integral part of these consolidated financial statements and shall be read in conjunction therewith.

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Reissued Consolidated Statement Of Other Comprehensive Income

For the year ended 31 December 2020

	For the year ended 31 December	
	2020	**2019**
	JD	**JD**
Net profit for the year	6,003,269	16,100,016
Other comprehensive income will not be reclassified to profit or loss in subsequent periods (Net of tax):		
Changes in financial assets revaluation reserve -net net of tax	(1,956,379)	(1,528,202)
(Losses) from sale of financial assets at fair value through other comprehensive income	(3,170,604)	(166,135)
Total other comprehensive income items	(5,126,983)	(1,694,337)
Total comprehensive income for the year	876,286	14,405,679
Total comprehensive income for the year Attributable to:		
Shareholders of the Bank	632,010	13,988,682
Non-controlling interests	244,276	416,997
	876,286	14,405,679

The accompanying notes from 1 to 51 are an integral part of these consolidated financial statements and shall be read in conjunction therewith.

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Reissued Consolidated Statement Of Changes In Equity

For the year ended 31 December 2020

		Reserves					
	Subscribed and paid in capital	Statutory	Valuation of financial assets	Retained earnings	Total equity attributable to the Bank's shareholders	Non-controlling interests	Total equity
	JD	JD	JD	JD	JD	JD	JD
As at 1 January 2020	100,000,000	29,728,357	12,255,295	35,387,832	177,371,484	4,639,405	182,010,889
Profit for the year				5,758,958	5,758,958	244,311	6,003,269
Net change in financial assets revaluation reserve - net of after taxes	-	-	(1,956,344)	-	(1,956,344)	(35)	(1,956,379)
Losses from sale of equity instruments at fair value through other comprehensive income transferred to retained earnings from equity instrument (Net of tax)	-	-	(1,738,704)	(1,431,900)	(3,170,604)	-	(3,170,604)
Total other comprehensive income	-	-	(3,695,048)	4,327,058	632,010	244,276	876,286
Transferred to reserves	-	914,972	-	(914,972)	-	-	
Effect of the increase of Investment in subsidiaries	-	-	-	563,606	563,606	(1,762,255)	(1,198,649)
Balance at 31 December 2020	100,000,000	30,643,329	8,560,247	39,363,524	178,567,100	3,121,426	181,688,526
Balance 1 January 2019	100,000,000	27,263,225	13,475,675	33,486,650	174,225,550	4,611,680	178,837,230
Profit for the year	-	-	-	15,683,801	15,683,801	416,215	16,100,016
Net change in financial assists revaluation reserve -net after taxes	-	-	(1,528,984)	-	(1,528,984)	782	(1,528,202)
Losses from sale of financial at fair value through other comprehensive income transferred to retained earnings	-	-	308,604	(474,739)	(166,135)	-	(166,135)
Total other comprehensive income	-	-	(1,220,380)	15,209,062	13,988,682	416,997	14,405,679
Transferred to reserves	-	2,465,132	-	(2,465,132)	-	-	-
Dividends (note 27)	-	-	-	(11,000,000)	(11,000,000)	-	(11,000,000)
Effect of the increase of Investment in subsidiaries	-	-	-	157,252	157,252	(389,272)	(232,020)
As at 31 December 2019	100,000,000	29,728,357	12,255,295	35,387,832	177,371,484	4,639,405	182,010,889

- Retained earnings include a restricted amount of JD 17,118,215 as at 31 December 2020 according to the instructions of the Central Bank of Jordan in exchange for deferred tax assets against JD 11,472,794 as at 31 December 2019.
- Retained earnings include a restricted amount of JD 1,039,200 as at 31 December 2020 and 31 December 2019, based on central bank of Jordan request, which represents the remaining balance illegal transaction.
- Retained earnings include an amount of JD 415,199 as at 31 December 2020 and 31 December 2019, which represents the effect of the early adoption IFRS (9). Such amount is restricted and can not be utilized unless realized through actual sale as instructed by Jordan Securities Commision.

* General banking reserves balances amounting JD 6,365,000 as at 31 December 2017 have been transferred to retained earnings based on Central Bank of Jordan regulation (13/2018) to clear the effect of implementation of IFRS (9), and the amount of 1,971,056 JOD restricted to be used after clearing.

The accompanying notes from 1 to 51 form an integral part of these consolidated financial statements and shall be read in conjunction therewith.

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Reissued Consolidated Statement Of Cash Flows

For the year ended 31 December 2020

	Notes	2020	2019
		For the year ended 31 December	
		JD	JD
Operating activities			
Profit for the year before income tax		7,864,336	22,910,535
Adjustments for:			
Depreciation and amortization	11, 12, 14	2,956,666	3,176,892
Provision for expected credit losses on direct credit facilities	10	15,633,255	2,155,060
(Recovery from) Provision for end of service benefits	20	(1,560)	4,140
Provision for lawsuits against the bank	20	430,404	863,307
Provision (Recovery from) Provision of expected credit loss in financial assets and off-balance sheet items in accordance to IFRS (9)	37	499,201	(279,222)
Provision (Recovery from) Provision against seized assets for more than 4 years	13	241,188	(162,669)
Provision other miscellaneous provisions	20	68,155	55,718
Losses (Gains) on disposal of property and equipment		405	(17,620)
net effect of Cancelling of operating lease contracts	14	8,012	-
Gains on sale of financial assets at amortized cost	9	(34,883)	(344,828)
Gains on sale of assets seized by the Bank	34	(304,012)	(79,849)
Interest expense on operating lease liabilities	14	213,860	258,772
Unrealised loss on valuation of financial assets at fair value through the statement of profit or loss	33	3,705	108
Net interest (Income) expense		(1,922,898)	37,453
Effect of exchange rate fluctuations on cash and cash equivalents	32	(15,921)	(27,175)
		25,639,913	28,550,622
Changes in assets and liabilities			
Deposits at banks and financial institutions (maturing after more than 3 months)	6	6,372,500	(961,883)
Financial assets at fair value through Statement of Profit and loss	7	1	1,878,108
Direct credit facilities	10	(73,278,393)	12,505,687
Other assets	13	(7,998,103)	(3,480,656)
Customers' deposits	16	2,039,756	17,255,376
Cash margin	17	(2,304,885)	(15,656,960)
Other liabilities	22	221,096	460,069
Net cash flows (Used in) generated from operating activities before income tax and provisions paid		(49,308,115)	40,550,363
Paid from the lawsuits provisions and sundry provisions and Income tax paid	20, 21	(7,885,629)	(5,921,403)
Net cash flows (Used in) generated from operating activities		(57,193,744)	34,628,960
Investing activities			
Purchase of financial assets at fair value through comprehensive income		(4,387,442)	(7,381,166)
Sale of financial assets at fair value through other comprehensive income		1,738,704	3,809,923
Financial assets at amortized cost	9	7,124,883	15,216,842
Purchase of financial assets at amortised cost		(41,028,682)	(69,221,193)
Maturity of financial assets at amortised cost		29,534,538	8,137,698
Purchase of property, equipment, and projects under construction	11	(1,112,814)	(1,488,285)
Proceeds from sale of property and equipment		602	47,379
Purchases of intangible assets	12	(540,408)	(460,776)
Net cash flow used in purchase of new shares in subsidiaries		(1,198,649)	(232,020)
Net cash flows used in investing activities		(9,869,268)	(51,571,598)
Financing activities			
Dividend paid	27	-	(11,000,000)
Operating lease liabilites payments	14	(969,347)	(1,097,413)
Net change in Borrowed funds	18	36,621,175	15,204,815
Settelment to Bonds	19	(3,440,000)	(1,250,000)
Net cash flows generated from financing activities		32,211,828	1,857,402
Effect of exchange rate fluctuations on cash and cash equivalents	32	15,921	27,175
Net decrease in cash and cash equivalents		(34,835,263)	(15,058,061)
Cash and cash equivalents at 1 January		165,665,376	180,723,437
Cash and cash equivalents at 31 December	39	130,830,113	165,665,376

The accompanying notes from 1 to 51 are an integral part of these consolidated financial statements and shall be read in conjunction therewith.

(1) General information

- Invest Bank (the Bank) is a Jordanian Shareholding public limited company established under No. (173) on 12 August 1982 under the Companies Law No. (12) for the year 1964 with a capital of JD 6,000,000 distributed over 6,000,000 shares with a nominal value of JD 1 per share. The Bank's capital was increased several times until it reached JD 77,500,000/ share as at 31 December 2010, and the Bank's capital was increased during the year 2011 so the subscribed and paid up capital was JD 85,250,000/ share. The Bank's capital was also increased by JD 14.750,000 on 10 April 2012, so the subscribed and paid-up capital of the Bank was JD 100 million/ share.
- The head office of the bank is located in the city of Amman in the Shmeisani area, Abdul Hameed Sharaf Street, Tel. 5001500, P.O. 950601, Amman 11195, the Hashemite Kingdom of Jordan.
- The Bank provides all banking and financial works related to its activity through its twelve branches and branches inside the Kingdom and through its subsidiaries.
- Invest Bank is a public shareholding company and is listed in Amman Stock Exchange.
- The consolidated financial statements were approved by the Board of Directors at its session number 01/ 2021 on February 10, 2021, and are subject to the approval of the General Assembly of Shareholders.

(2) Summary of significant accounting policies

The significant accounting policies adopted by the Bank in the preparation of these consolidated financial statements are set out below.

2-1 Basis of the preparation of the consolidated financial statements

- The consolidated financial statements for the year ended 31 December 2020 for the Bank and its subsidiaries (together "the Group") were prepared in accordance with the standards issued by the International Accounting Standards Board and the interpretations issued by the International Financial Reporting Interpretations Committee affiliated to the International Accounting Standards Board, as amended by the Central Bank of Jordan and the applicable local laws and the instructions of the Central Bank of Jordan.

The main differences between the IFRSs as they shall be applied and what has been approved by the Central Bank of Jordan are the following:

- Provisions for expected credit losses are formed in accordance with the instructions of the Central Bank of Jordan (No. 13/ 2018) "Application of the IFRS (9)" dated 6 June 2018 and in accordance with the instructions of the supervisory authorities in the countries in which the bank operates, whichever is stricter. The significant differences are as follows:

  The material differences are as follows:

  - Debt instruments issued or guaranteed by the Jordanian government are excluded, so that credit exposures are treated and guaranteed by the Jordanian government without credit losses.

- When calculating Expected credit losses against credit exposures, a comparison between the calculation results is conducted as per IFRS 9, and in accordance with Central bank of Jordan no.(47/2009) dated December 2009, at each stage, the stricter results are used, and classified in accordance with Central bank of Jordan requirements in this regard.

  In accordance with the Central Bank of Jordan's instructions for the classification of credit facilities and the calculation of impairment provision number (2009/47) issued on December 10, 2009, credit facilities were classified into the following categories:

A- low risk credit facilities, which do not require provision:

1) Granted to the Jordanian government with its guarantee, as well as to the governments of countries where Jordanian banks have branches, such facilities are granted the same currency as the host country.
2) Cash Guaranteed by (100%) of the outstanding balance at any time.
3) Guaranteed with a 100% banker's acceptance

B- Acceptable risk credit facilities, which do not require provision:

1) Strong financial positions and adequate cash flows.
2) Contracted and covered with duly accepted guarantees.
3) Having good sources of repayment.
4) Active account movement and regular payment for principal amount and interest
5) Efficient management of the client.

C- Credit facilities listed under the watch-list (requiring special attention) which impairment allowances for are calculated within a range of (1.5% - 15%).

These credit facilities are characterized by any of the following:

1) The existence of dues for a period of more than (60) days and less than (90) days for the principal of credit facilities and/or interest.
2) Exceeding the overdraft predetermined limit by (10%), and for a period of more than (60) days and less than (90) days.
3) Credit facilities that have previosuly been classified as non-performing credit facilities then removed from the list upon proper and careful scheduling.
4) Acceptable-risk credit facilities that has been rescheduled twice in one year
5) Credit facilities that have been expired for more than 60 days and less than (90) days and have not been renewed.

   This is in addition to other conditions detailed in the instructions.

D- Non- performing credit facilities: which are charactetrised with any of the following:

1) One of its installments has been accrued, the principal and/or interest asset slackened, or the overdraft account has been freezed for the following terms:

Classification	Number of Breach days	Ratio of the provision in to the first year
Substandard credit facilities	(90) -(179) days	25%
Doubtful credit facilities	(180) to (359) days	50%
Loss credit facilities	(360) days and more	100%

2) Overdrafts that exceed the granting limit by (10%) and more, and for the duration of (90) days and more

3) Credit facilities that have been expired for 90 days or more and have not been renewed.

4) Credit facilities granted to any customer declared bankrupt or to any company that has been decemed under liquidation.

5) Credit facilities that have been restructured three times in a year.

6) Current and on-demand accounts overdrawn for (90) days or more.

7) The value of the guarantees paid on behalf of the customers and has not been debited to their accounts, for 90 days or more overdue.

The expected credit losses provision against credit facilities is calculated in accordance with the 2009/47 instructions for this category of facilities according to the above ratios and the amount of unguaranteed credit facilities during the first year, while the allocation of the covered amount is completed at 25% and over four years.

- Interest and commissions are suspended on non-performing credit facilities granted to customers in accordance with the instructions of the Central Bank of Jordan and in accordance with the instructions of the supervisory authorities in the countries in which the bank operates, whichever is stricter.

- Assets seized by the bank presented in the consolidated statement of financial position within other assets at the amount of which they were seized by the Bank or the fair value, whichever is less, and are reassessed on the date of the consolidated financial statements individually. Any impairment in their value is recorded as a loss in the consolidated statement of profit or loss and the increase is not recorded as revenue. The subsequent increase is taken to the consolidated statement of profit or loss to the extent that it does not exceed the value of the previously recorded impairment. As of the beginning of 2015, a gradual provision was made for real estate acquired for more than 4 years against debts according to the Circular of the Central Bank of Jordan No. 15/1/4076 dated 27 March 2014 and No. 10/1/2510 dated 14 February 2017. Noting that the Central Bank of Jordan issued Circular No. 10/1/13967 dated 25 October 2018, in which the Circular No. 10/1/16607 dated 17 December 2017 was approved for extension. The Central Bank of Jordan also confirmed postponing the calculation of the provision until the end of the year 2019. According to the Central Bank's Circular No. 10/1/16239 dated 21 November 2019, deduction of the required provisions against real estate acquired is made at the rate of (5%) of the total book values of these properties (regardless of the period of violation) as of the year 2021, so that the required percentage of 50% of these properties are reached by the end of the year 2029.
- Additional provisions are calculated in the consolidated financial statements against some of the Bank's external investments in some neighbouring countries, if any, and in compliance to Central Bank Of Jordan's request.
- The central bank's cash and balances caption includes the cash reserve requirements , which represents balances that are restricted in withdrawal sought in accordance with the instructions of the Central Bank and in accordance with the instructions of the regulatory authority in the countries in which the Bank operates, whichever is more strict.
- The consolidated financial statements have been prepared in accordance with the historical cost principle, except for financial assets at fair value through the consolidated income statement and financial assets at fair value through other comprehensive income that appear at fair value at the date of the consolidated financial statements, as well as financial assets and liabilities that have been hedged against the risks of change in their value at fair value.
- Investments in subsidiaries measured at cost are also shown for the purposes of these consolidated financial statements and are accounted for as mentioned in Note 2-3.
- The Jordanian Dinar is the presentation currency for the consolidated financial statements and is the Group's functional currency.
- The accounting policies used in preparation of the consolidated financial statements for the year ended 31 December 2020 are consistent with the accounting policies adopted for the year ended 31 December 2019 except as mentioned in Note 2-2.

2-2 Changes in accounting policy and disclosures

- The accounting policies used in the preparation of these consolidated financial statements are consistent with those followed in the preparation of the last consolidated financial statements for the Group for the year ended 31 December 2019, except for the adoption of new standards and amendments to the existing standards as mentioned below.

A- New and amended standards and interpretations issued and adopted by the Group for the first time effective for the financial year beginning on 1 January 2020:

- **Amendments to IAS (1) ‘Presentation of financial stat**

  These amendments relate to the definition of materiality.

- **Amendments to IFRS (3) “Businsess combinations”**

  These amendments clarify the definition of business as the revised International Accounting Standards Board (IASB) published the revised the "Conceptual framework for financial reporting". This includes the revised definitions of assets and liabilities, as well as new guidance on measurement, de-recognition, presentation and disclosure.

  In addition to the revised conceptual framework, the IASB issued amendments to the references for the conceptual framework in the IFRSs, as the document contains amendments to IFRSs (2, 3, 6 and 14) and IASs (1, 8, 34, 37 and 38) and the IFRICs (12 and 19, 20 and 22) and SIC (32) in order to update these pronouncements regarding references and quotations from the framework or to indicate what they refer to in a different version of the conceptual framework.

- Amendments to interest rate standard (amendments on IFRS 9, IAS 39,IFRS 7, IFRS 4, IFRS 16)

B- New IFRSs and Amendments issued but not yet effective

- Lease benefits related to COVID 19, (amendments to IFRS 16).
- Amendments to interest rates standards (IFRS 9 amendments, IAS 39,IFRS 7, IFRS 4, IFRS 16).
- Loss contracts (contracts in which the cost required to fulfill the contract requirements are higher than economic benefits gained from it) - Contract execution cost. (Amendments to IAS 37)

- Annual amendments on IFRSs 2018-2020.
- Property and equipment: Inflow prior to the required or intended use of property and equipment. (modifications to IAS 16).
- Reference to the conceptual framework (amendments to IFRS 3).
- Classification of liabilities to current and non-current (IFRS 1 Amendments).
- International Financial Reporting Standard 17 "Insurance Contracts" and Amendments to IAs 17 "Insurance Contracts".
- Sale or granting of assets between the investor and the allied company or joint venture (amendments to IFS 10 and IAS 28).

Basis of the consolidation of financial statements:

The consolidated financial statements include the financial statements of the Bank and the companies under its control (its subsidiaries), and control is achieved when the Bank:

- Has the ability to control the investee;
- Is exposed to variable returns, or has the right to variable returns, resulting from its association with the investee;
- Has the ability to use its power to influence the returns of the investee.

The bank will re-estimate whether it controls the investees or not if the facts and circumstances indicate that there are changes on one or more of the control points referred to above.

In the event that the Bank's voting rights fall below the majority of voting rights in any of the investees, it will have the power to control when voting rights are sufficient to give the Bank the ability to unilaterally direct the related subsidiary activities. The bank takes into account all facts and circumstances when estimating whether the Bank has voting rights in the investee that are sufficient to give it the ability to control or not. These facts and circumstances include:

- The volume of voting rights the Bank has in relation to the number and distribution of other voting rights;
- Potential voting rights held by the Bank and any other voting rights holders or parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances indicating that the bank has, or does not have, a current responsibility to direct the relevant activities at the time the required decisions are taken, including how to vote in meetings of previous general assemblies meetings.

The subsidiary is consolidated when the Bank controls the subsidiary and is deconsolidated when the Bank loses control of the subsidiary. Specifically, the results of operations of subsidiaries acquired or excluded during the year are included in the consolidated statement of Profit or loss from the date on which control is achieved until the date that control of the subsidiary is lost.

Profits or losses and each item of the comprehensive income are distributed to the owners in the entity and the non-controlling interest, the comprehensive income for the subsidiaries is distributed to the owners in the entity and the non-controlling share even if this distribution will lead to a deficit in the balance of the non-controlling.

Adjustments are made to the financial statements of the subsidiaries, when required, to align their accounting policies with those used by the Bank.

All assets, liabilities, equity, income and expenses related to transactions and balances between the Bank and its subsidiaries are excluded upon consolidation.

The non-controlling interests in the subsidiaries are determined separately from the Bank’s equity in these entities. The non-controlling interests of the shareholders currently present in the equity granted to their owners with a proportionate share of the net assets upon liquidation which be measured initially at fair value or by the proportionate share of non-controlling interests in the fair value of the identifiable net purchase amount of assets. The measurement is selected on an acquisition basis. Other non-controlling interests are initially measured at fair value. After acquisition, the carrying value of non-controlling interests is the value of these interests upon initial recognition, in addition to the non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributable to the non-controlling interests even if that results in a deficit in the non-controlling interests balance.

Changes in the Bank's interest in subsidiaries that do not result in loss of control are accounted for as equity transactions. The present value of the Bank's and non-controlling interests are adjusted to reflect changes in their relative shares in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Bank.

When the bank loses control of a subsidiary, the profit or loss resulting from the disposal is calculated in the consolidated statement of profit or loss, with the difference between (1) the total fair value of the consideration received and the fair value of any remaining shares and (2) the present value of the assets (including goodwill), less the liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Bank had directly disposed of the assets or liabilities related to the subsidiary.

The fair value of the investment that is held in the previous subsidiary at the date of loss of control is considered to be the fair value upon initial recognition of subsequent accounting under IFRS (9) "Financial instruments" when the provisions of this standard apply, or the cost of initial recognition of investment in an associate or a joint venture.

These consolidated financial statements include the Bank its following subsidiaries as at 31 December 2020:

Name of the company	Paid-in capital	Bank's ownership %	Company's activity nature	Company's head office	Date of acquisition
	(JD)				
Al-Mwared for Financial Brokerage	3,000,000	100%	Brokerage	Amman	2006
Tamkeen Leasing Co*	20,000,000	97.5%	Finance lease	Amman	2006
Al Istethmari Latemweel Selselat Al Imdad Company	3,000,000	94%	Management and operation of bonded warehouses	Amman	2010
Jordanian Factoring Company**	1,500,000	100%	Factoring of receivables	Amman	2011
Jordan Trade Facilities Company	16,500,000	95%	Granting loans and facilities	Amman	2016
Trade Facilities for Finance Leasing Co.	2,000,000	95%	Finance lease	Amman	2016
Bindar Trade and Investment Company	20,000,000	96%	Granting loans and facilities	Amman	2017
Ruboua Al Sharq Real Estate Company	50,000	96%	Sale of lands and properties owned by the Company	Amman	2017
Rakeen Real Estate Company	30,000	96%	Sale of lands and properties owned by the Company	Amman	2017
Bindar Finance Lease Company	1,000,000	96%	Finance lease	Amman	2017

* Based on the decision of the General Assembly at its extraordinary meeting held on 11 February 2020, the capital of Mawared for financial brokerage was decreased by JD 2,000,000 so the authorised and paid up capital is JD 3,000,000, and the procedures for increasing the capital were completed on 9 March 2020.

** Jordanian Factoring Company was established on 21 December 2011 and based on the decision of the General Assembly at its extraordinary meeting in the 9th of March 2020, it has been approved to increase the authorized and paid up capital from 30,000 to 1,500,000 JOD, the completion procedures were finalized on the 23rd of June 2020, the company has began its business on the 22nd of July 2020.

The financial statements of the subsidiaries are prepared for the same financial year of the Bank, using the same accounting policies used by the Bank. If the accounting policies adopted by the subsidiaries are different, the required adjustments are made on the financial statements of the subsidiaries to be consistent with the accounting policies used by the Bank.

In the case of preparing separate financial statements for the Bank as a separate entity, the investments in the subsidiaries are stated at cost.

Segment Information

The business segment represents a group of assets and operations that jointly provide products or services subject to risks and returns that are different from those related to other business segments and that are measured according to the reports that are used by the executive management and decision makers in the Bank.

A geographical segment is associated with the provision of products or services in a particular economic environment that is subject to risks and rewards different from those related to segments operating in other

Net interest income

Interest income and expense for all financial instruments with the exception of those classified as held for trading or measured or those determined at fair value through the consolidated statement of profit or loss in "net interest income" as "interest income" and "interest expenses" are recognised in the consolidated statement of profit or loss using the effective interest method. Interest on financial instruments measured at fair value through the consolidated statement of profit or loss is also included in the fair value movement during the period.

Th effective interest rate (EIR) is the rate that discounts 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.

The interest income/ interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortised cost of financial liabilities. For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised 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 and are credit-impaired, the EIR reflects the ECL in determining the future cash flows expected to be received from the financial asset.

Interest income and expense in the Bank's consolidated statement of profit or loss also includes the effective portion of fair value changes for derivatives that are designated as hedging instruments in the cash flow hedges of interest rate risk. As for the fair value hedges of interest rate risk on interest expense and income, the effective portion of fair value changes for specific derivatives are also included, and fair value changes to the specific risks of the hedged item are also included in interest income and expense. Interest expenses also include the value of the interest against the lease obligations.

Net commissions income

Commissions' net income and expense include fees other than those that are an integral part of EIR. The commissions included in this part of the Bank's consolidated statement of profit or loss also include commissions charged for the loan service, non-use commissions related to loan obligations when this is unlikely to result in a specific arrangement for lending and commissions of co-financing loans.

<u>Commission's expxenses with regard to services upon receipt of services</u>

Contracts with clients that result in recognition of financial instruments, part of which may be related to IFRS (9) or (15), in which case commissions are recognised in the part related to IFRS (9) and the remainder is recognised according to the IFRS (15).

<u>Net income of financial instruments at fair value through the consolidated statement of profit or loss:</u>

Net income from financial instruments at fair value through the consolidated statement of profit or loss includes all gains and losses resulting from changes in the fair value of financial assets and financial liabilities at fair value through the consolidated statement of profit or loss. The Bank has elected to present the movement at the full fair value of the assets and liabilities at fair value through the consolidated statement of profit or loss in this item, including interest income, expenses and related stock dividends.

<u>Dividends income:</u>

Dividends income is recognised when the right to receive payment is established, being the date preceding the dividends of listed shares, and usually the date on which the shareholders agree to dividends of unlisted shares.

The dividends distribution in the consolidated statement of profit or loss depends on the classification and measurement of the shares, i.e.:

- With regard to equity instruments held through the consolidated statement of profit or loss, dividend income is included in the consolidated statement of profit or loss under the item of profit (loss) of financial assets at fair value through the consolidated statement of profit or loss.
- In the case of equity instruments classified as fair value through other comprehensive income, dividends are included in the consolidated statement of profit or loss as dividend from financial assets at fair value through other comprehensive income.

<u>Financial instruments</u>

Initial recognition of measurement:

Financial assets and financial liabilities are recognised in the consolidated statement of financial position of the Bank when the Bank becomes a party to the contractual provisions of the instrument and loans and advances to customers are recognised if they are credited to the customers' account.

Financial assets and liabilities are measured initially at fair value, and transaction costs that are directly attributable to the acquisition or issuance of financial assets and liabilities are added to the fair value of the financial assets or financial liabilities, or deducted therefrom, as necessary, upon initial recognition. Transaction costs that are directly related to the acquisition of financial assets or financial liabilities at fair value through the consolidated statement of profit or loss are recognised directly in the consolidated statement of profit or loss.

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

- When the 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, the difference is recognised on initial recognition (i.e. profit or loss on the first day).

- In all other cases, the fair value will are adjusted to align with the transaction price (i.e. day 1 profit or loss 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 released to the consolidated statement of profit or loss 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 upon the de-recognition of such instrument.

Financial assets:

Initial recognition:

All financial assets are recognised on the trade date where the purchase or sale of a financial asset is made under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and is initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value in the consolidated statement of profit or loss. Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in the statement of profit or loss.

Subsequent measurement:

All recognised financial assets that are within the scope of IFRS (9 are required to be subsequently measured at amortised 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:

- The financing instruments held in the business model that aims to collect contractual cash flows, and which have contractual cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, and are subsequently measured at amortised cost.

- The financing instruments held within the business model that aim to both collect contractual cash flows and sell debt instruments, which have contractual cash flows that are SPPI on the principal amount outstanding, and are subsequently measured at fair value through other comprehensive income.

- All other financing instruments (such as debt instruments managed on fair value basis, or held for sale), and equity investments are subsequently measured at fair value through the consolidated

However, the Bank can take a non-cancellable option/ determination after initial recognition of the financial asset on an asset-by-asset basis, as follows:

- The Bank can take the non-cancellable option by including subsequent changes in the fair value of the investment in equity that is not held for trading or a possible replacement recognised by the buyer within the business combination to which the IFRS (3) applies, in other comprehensive income.

- The Bank can determine in a non-cancellable manner the financing instruments that meet the criteria of amortised cost or fair value through other comprehensive income as measured by the fair value through the consolidated statement of profit or loss if it eliminates or significantly reduces mismatches in accounting (referred to as the fair value option).

Debt instruments at amortised cost or at fair value through other comprehensive income:

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

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal outstanding.

For the purpose of the SPPI test, the 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 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 options and risks, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

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

Business model assessment:

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

- The policies and declared objectives of the portfolio and the application of those policies and whether the management strategy focuses on obtaining contractual revenue, maintaining a specific rate of profit, and matching the period of financial assets with the period of financial liabilities in which those assets are financed cash flows are realised through the sale of assets.
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the key management personnel;
- The risks that affect the performance of the business model (and financial assets held within that business model) and, in particular, the way in which those risks are managed.

- How managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

On initial recognition of the financial asset, the Bank determines whether the recently recognised financial assets are part of an existing business model or whether it reflects the beginning of a new business model. The Bank reassesses its business models in each reporting period to determine whether the business models have changed since the previous period.

When a debt instrument that is measured at fair value through other comprehensive income is derecognised, the cumulative gain/ loss previously recognised in other comprehensive income in equity is reclassified to the consolidated statement of profit or loss. On the other hand, as for equity investment measured at fair value through other comprehensive income, the cumulative gain/ loss previously recognised in other comprehensive income is not subsequently reclassified to the consolidated statement of profit or loss but is rather transferred directly within equity.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are tested for impairment.

Financial assets - Assessing whether contractual cash flows are payments of the principal and interest only:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether contractual cash flows are only SPPI, the Bank has considered the contractual terms of the instrument. This includes assessing whether the financial assets involve a contractual period that can change the timing or amount of contractual cash flows and therefore they do not meet the conditions of SPPI. In making this assessment, the Bank considers:

- Contingent events that change the amount or timing of cash flows.
- Prepaid features and the possibility to extend.
- Terms that limit the Bank's claim to cash flows from specified assets.

Financial assets at fair value through the statement of profit or loss:

Financial assets at fair value through statement of profit or loss are:

- Assets of contractual cash flows, and which have are not (SPPI).
- Assets held within the business model other than those held to collect contractual cash flows or held for collection and sale.
- Assets designated at fair value through the consolidated statement of profit or loss using fair value option.

These assets are measured at fair value, and any gains/ losses arising from re-measurement are recognised in the consolidated statement of profit or loss.

Reclassification:

If the business model under which the Bank holds financial assets changes, the financial assets that were 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 that results in reclassifying the Bank's financial assets. Changes in contractual cash flows are considered within the framework of the accounting policy for the amendment and exclusion of financial assets set out below.

Foreign exchange gains and losses:

The carrying amount of financial assets recorded in foreign currency is determined and translated at the rates prevailing at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in the consolidated statement of profit or loss.
- For debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in the consolidated statement of profit or loss. Other exchange differences are recognised in OCI in the investments revaluation reserve.
- For financial assets measured at amortised cost through the consolidated statement of profit or loss that are not part of a designated hedging relationship, gains and losses of exchange differences are recognised in the consolidated statement of profit or loss.
- For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income within investments revaluation reserve.

Fair value option:

A financial instrument with a fair value can be measured reliably at fair value through the consolidated statement of profit or loss (fair value option) upon initial recognition, even if the financial instruments are not acquired or incurred primarily for the purpose of selling or repurchasing. The fair value option for financial assets can be used if it substantially eliminates or reduces the inconsistency of the measurement or recognition that would otherwise have arisen from the measurement of assets or liabilities, or the recognition of related profit and loss on a different basis ("accounting mismatch"). The fair value option for financial liabilities can be chosen in the following cases:

- If the choice leads to the cancellation or substantially reduces accounting mismatch.
- If the financial liabilities are part of a portfolio managed on a fair value basis, according to a documented risk or investment management strategy.
- If there is a derivative that is included in the host financial or non-financial contract and the derivative is not closely related to the host contract.

These tools cannot be reclassified to fair value through the consolidated statement of profit or loss while they are held or issued. Financial assets designated at fair value through the consolidated statement of profit or loss are recorded at fair value with any unrealised gains or losses arising from changes in the fair value recognised in

Expected credit losses:

The Bank recognises loss allowances for expected credit loss on the following financial instruments that are not measured at fair value through the consolidated statement of profit or loss:

- Loans and credit facilities (direct and indirect).

- Debt instruments carried at amortised cost.
- Debt instruments classified at fair value through other comprehensive income.
- Financial guarantees provided in accordance with the requirements of IFRS 9.
- Receivables related to leases are within the requirements of IAS (17) and IFRS (16).
- Trade receivables.
- Credit exposures to banks and financial institutions [excluding current balances used to cover the Bank's transactions such as remittances, guarantees and credits within a very short period of time (days)].

Provisions for expected credit losses are formed in accordance with the instructions of the Central Bank of Jordan (No. 13/ 2018) “Application of the IFRS (9)” dated 6 June 2018 and in accordance with the instructions of the supervisory authorities in the countries in which the bank operates, whichever is stricter. The significant differences are as follows:

- Debt instruments issued or guaranteed by the Jordanian government are excluded, so that credit exposures are treated and guaranteed by the Jordanian government without credit losses.
- When calculating credit losses against credit exposures, the calculation results are compared according to the IFRS (9) under the instructions of the Central Bank of Jordan No. (47/2009) of 10 December 2009 for each stage separately and the stricter results are taken.

Impairment loss is not recognised in equity instruments.

With the exception and notes Impairment losses are Purchased or Originated rating-Impaired’ (POCI) financial assets (which are considered separately below), ECL are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that can be realised within 12 months after the reporting date, referred to in Stage 1.
- 12-month ECL, i.e. lifetime ECL that result from those possible default events over the age of the financial instrument, referred to in Stage 2 and Stage 3.

A loss allowance for lifetime ECL 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, ECL are measured at an amount equal to the 12-month ECL.

ECL 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 Bank under the contract and the cash flows that the Bank expects to receive, which arise from the weighting of multiple future economic scenarios, discounted at the asset’s EIR.

For the limits not utilised, the expected credit loss is the difference between the present value of the difference between the contractual cash flows due to the Bank if the borrower withdraws the financing and the cash flows that the Bank expects to receive if the financing is utilised.

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

The Bank measures ECL on an individual basis, or on the portfolio basis 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 EIR, regardless of whether it is measured on an individual basis or a portfolio basis.

<u>Credit-impaired financial assets:</u>

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

- Significant financial difficulty faced by borrower or issuer.
- Breach of contract, for example, default or delay in payment.
- The Bank grants the borrower a waiver for economic or contractual reasons related to the borrower's financial difficulty.
- The disappearance of an active market for that financial asset because of financial difficulties.
- 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 amortised cost or FVTOCI 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 possibility of a backstop if amounts are overdue for 90 days or more. However, cases where the asset's impairment is not recognised after (90) days of maturity, are supported by reasonable information.

<u>Purchased or originated credit-impaired' (POCI) financial assets</u>

POCI financial assets are treated differently because the asset is credit-impaired at initial recognition. For these assets, the Bank recognises all changes in lifetime ECL since initial recognition as a loss allowance with any changes recognised in the consolidated statement of profit or loss. A favourable change for such assets creates an impairment gain.

Definition of default:

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

The Bank considers the following as an event of default:

- The borrower defaults for more than 90 days on any significant credit obligation to the Bank.

- The borrower is unlikely to pay his credit obligations of 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 of another obligation to the same counterparty are key inputs in this analysis. The Bank uses a variety of sources of information to assess default which are 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 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 will measure the loss allowance based on lifetime rather than 12-month ECL.

The Bank will not consider that financial assets with 'low' credit risk at the reporting date did not have 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 that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. 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 financing, forward-looking information includes the future prospects of the industries in which the Bank's counterparties operate, that can be obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as taking into consideration various internal and external sources of actual and forecast economic information. For retail financing, forward looking lending 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 behaviour. 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 PD by comparing:

- The remaining lifetime PD at the date of reporting.
- The remaining lifetime PD at a point in time that was estimated based on facts and circumstances at the initial recognition of the exposure.

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

The qualitative factors that indicate significant increase in credit risk are reflected in PD 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' given 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 PD will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

As a back-stop when an asset becomes 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 ECL.

<u>Modification and de-recognition of financial assets</u>

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 with customers who face financial difficulties to increase collection and reduce the risk of default. The terms of repayment of the loan are facilitated in cases where the borrower has made all reasonable efforts to pay under the original contractual terms, and an important risk of default or default has occurred and it is expected that the borrower will be able to fulfil 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 a waiting policy that applies to corporate and individual lending.

When a financial asset is modified, the bank assesses whether this amendment leads to de-recognition. As per the Bank's policy, the modification leads to de-recognition when it causes a significant difference in the terms.

- Qualitative factors, such as the non-existence of contractual cash flows after modification as SPPI, change in currency or change in the counterparty, or extent of change in interest rates, maturity, or covenants. If this does not clearly indicate a fundamental modification.
- Conducting a quantitative evaluation to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows in accordance with the revised terms, and deduct both amounts based on the original effective interest.

In the case where the financial asset is derecognised, the loss allowance for ECL is remeasured at the date of de-recognition 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 de-recognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated as credit- impaired. This applies only in the case where the fair value of the new loan is recognised 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 de-recognition, the Bank determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- The remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.
- The remaining PD at the reporting date based on the revised terms.

For financial assets modified as part of the Bank's forbearance policy, where modification did not result in de-recognition, the estimate of PD reflects the Bank's ability to collect the modified cash flows taking into account the Group's previous experience of similar forbearance action, as well as various behavioural 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 ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to de-recognition, the Bank calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then, the Bank measures ECL 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 derecognises a financial asset only when the contractual rights to the asset's cash flows expire, 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 recognises 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 recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition 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 recognised in OCI and accumulated in equity is recognised in the consolidated statement of profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/ loss previously recognised in OCI is not subsequently reclassified to the consolidated statement of profit or loss.

Write-offs:

Financial assets are written off when there is no reasonable expectation of recovery, such as the customer not participating in a payment plan with the Bank. The Bank classifies the funds or amounts due for write-off after exhausting all possible payment methods and taking the necessary approvals. However, if the financing or receivable is written off, the Bank continues the enforcement activity to try to recover the outstanding receivables, which are recognised in the consolidated statement of profit or loss upon recovery.

Loss allowances for ECL presented in the consolidated statement of financial position as follows

Loss allowances for ECL are presented in the consolidated statement of financial position as follows:

- For financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets.
- For debt instruments measured at FVTOCI: no loss allowance is recognised in the consolidated 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;

- Loans commitments and financial guarantee contracts: as a provision.
- Where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL 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.

<u>Financial liabilities and equity:</u>

Issued Debt and equity instruments 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 that are potentially unfavourable 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.

<u>Loans and advances:</u>

The "loans and advances" included in the statement of financial position comprise the following:

- Loans and advances measured at amortised cost; initially measured at fair value plus incremental direct transaction costs, and subsequently measured at amortised cost using the effective interest method.
- Loans and advances, which are measured at FVTPL or designated as at FVTPL; are measured at fair value with changes recognised immediately in profit or loss.
- Lease receivables.
- Interest and commissions are suspended on non-performing credit facilities granted to clients in accordance with the instructions of the Central Bank of Jordan.
- Credit facilities and their suspended interest covered by provisions are transferred entirely off the consolidated statement of financial position, in accordance with the decisions of the Board of Directors in this regard.

When the Group purchases a financial asset and concludes an agreement simultaneously to resell the asset (or a substantially similar asset) at a fixed price at a later date (repurchase or borrowing shares), the consideration paid is calculated as a loan or advance, and the asset is not recognised in the Group's financial statements.

<u>Equity instruments:</u>

Share 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 recognised at the proceeds received, net of direct issue costs.

Treasury shares:

Repurchase of the Bank’s own equity instruments is recognised and deducted directly in equity. No gain/ loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Bank’s own equity instruments.

Composite instruments:

The component parts of the composite instruments (such as convertible notes) issued by the Bank are classified separately as financial liabilities and equity in accordance with the content of the contractual arrangements, definitions of financial liabilities and equity instruments. The transfer option that will be settled by exchanging a fixed cash amount or other financial asset for a specified number of the company's equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing interest rate in the market for similar non-convertible instruments. In the case of non-embedded related derivatives, they are first separated and the remaining financial liabilities are recorded on an amortised cost basis using the effective interest method until they are extinguished upon conversion or on the instrument's maturity date.

Financial liabilities:

Financial liabilities are classified either as financial liabilities at fair value through the consolidated statement of profit or loss or other financial liabilities.

Financial liabilities at fair value through the consolidated statement of profit or loss:

Financial liabilities are classified at fair value through the consolidated statement of profit or loss when financial liabilities (a) are held for trading or (b) are classified at fair value through the consolidated statement of profit or loss. A financial liability is classified as held for trading if:

- It is incurred principally for the purpose of repurchasing in the near term;
- Upon initial recognition it is part of a portfolio of identified financial instruments that the Bank
- It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for the purpose of trading or the potential consideration that a buyer may pay as part of a business combination at fair value is determined through the consolidated statement of profit or loss upon initial recognition if:

- This designation substantially eliminates or reduces the inconsistency of the measurement or recognition that may otherwise arise.

- 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.
- If the financial obligation forms part of a contract that contains one derivative or more. IFRS 9 allows a fully hybrid contract (composite) to be determined at fair value through the consolidated statement of profit or loss.

Financial liabilities at FVTPL are stated at fair value through the consolidated statement of profit or loss with any gains or losses arising on remeasurement recognised in the consolidated statement of profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in the consolidated statement of profit or loss includes any interest paid on the financial liabilities and is incorporated in the item "net profit or loss from other financial instruments” at fair value through the consolidated statement of profit or loss.

However, in respect of non-derivative financial liabilities classified at fair value through the consolidated statement of profit or loss, the amount of the change in the fair value of the financial liabilities that resulted from changes in the credit risk of those liabilities is recognised in other comprehensive income, unless recognition of the effects of changes in the credit risk of liabilities in other comprehensive income would create or increase accounting mismatch in the consolidated statement of profit or loss. The remaining amount of changes in the fair value of the liability is recognised in the consolidated statement of profit or loss, and changes in the fair value attributable to the credit risk of financial liabilities recognised in other comprehensive income are not reclassified subsequently to the consolidated statement of profit or loss. Instead, it is transferred to retained earnings upon de-recognition of the financial liability.

With regard to liabilities for issued loans and financial guarantee contracts classified as fair value through the consolidated statement of profit or loss, all gains and losses are recognised in the consolidated statement of profit or loss.

When determining whether recognition of changes in the credit risk of liabilities in other comprehensive income will create or increase the accounting mismatch in the consolidated statement of profit or loss, the Bank assesses whether it expects to offset the effects of changes in the credit risk of the liabilities in the consolidated statement of profit or loss with a change in the fair value of another financial instrument that has been measured at fair value through the consolidated statement of profit or loss.

Other financial liabilities:

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

The effective interest method is a method for calculating the amortised cost of a financial liability and allocating interest expenses over the relevant period. An effective interest rate is the rate that exactly discounts estimated future cash payments during the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount at initial recognition to obtain details on the effective interest rate.

De-recognition of financial liabilities:

The Bank derecognises financial liabilities when, and only when, the Bank's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in consolidated statement of profit or loss.

The exchange between the Bank and its existing lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Likely, the Bank treats the significant modification of the outstanding obligation conditions or part thereof as extinguishment of the original financial liabilities and the recognition of new liabilities. The terms are assumed to be 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 interest rate, is at least 10% 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 maintained to manage exposure to interest rate risk, credit risk, and foreign exchange rate risk. Financial derivatives include foreign currency forward contracts, interest rate swaps, interest rate swaps across currencies and credit default swaps.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value at the date of each statement of financial position. The resulting profits/ losses are recognised in the consolidated statement of profit or loss immediately unless the derivative is identified and are effective as a hedging instrument, in which case the timing of recognition in the consolidated statement of profit or loss depends on the nature of the hedge relationship. The Bank identifies certain derivatives as either fair value hedges for recognised assets and liabilities, or for the company's obligations (fair value hedges), potential forecasting hedges, foreign currency risk hedges for fixed obligations (cash flow hedges) or net investments in foreign operations (net investment hedges).

Derivatives with positive fair value are recognised as a financial asset, while derivatives with negative fair value are recognised as financial liabilities. Derivatives are presented as non-current assets or non-current liabilities if the residual maturity of the instrument is more than (12) months and is not expected to be realised 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 consolidated statement of 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 realised 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 incurred because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Bank’s entity are initially measured at their fair value, and if they are not determined at fair value through the consolidated statement of profit or loss that does not result from the transfer of a financial asset, they are subsequently measured:

- The amount of the loss allowance determined in accordance with IFRS (9).
- The amount initially recognised, less, where appropriate, the amount of accumulated profit or loss recognised in accordance with the Bank's revenue collection policies, whichever is greater.

Financial guarantee contracts that are not designated at fair value through the consolidated statement of profit or loss are presented as provisions in the consolidated statement of financial position and remeasurement is presented in other income.

The Bank did not specify any financial guarantee contracts at fair value through the consolidated statement of profit or loss.

Commitments to provide a loan at an interest rate lower than the market price:

Commitments to provide a loan at an interest rate lower than the market price are measured initially at their fair value, and if they are not determined at fair value through the consolidated statement of profit or loss, they are subsequently measured:

- The amount of the loss allowance determined in accordance with IFRS (9).
- The amount initially recognised, less, where appropriate, the amount of accumulated profit or loss recognised in accordance with the Bank's revenue collection policies, whichever is greater.

Commitments to provide a loan at an interest rate lower than the market price, which are not designated at fair value through the consolidated statement of income are presented as provisions in the consolidated statement of financial position, and remeasurement is presented in other income.

The bank did not designate any commitments to provide a loan at an interest rate lower than the market price, which are designated at fair value through the consolidated statement of profit or loss.

Hedge accounting

- The Bank identifies certain derivatives as hedging instruments with respect to foreign currency risk and interest rate risk in fair value hedges, cash flow hedges or net investment hedges in foreign operations, as appropriate. Foreign exchange risk hedges on the Bank’s commitments are also accounted for as cash flow hedges. The Bank does not apply fair value hedge accounting to hedges of interest rate risk portfolio. In addition, the Bank does not use the exemption to continue to use hedge accounting rules using IAS (39), i.e. the Bank applies the hedge accounting rules of IFRS (9).

- At the beginning of the hedge relationship, the Bank documents the relationship between the hedging instrument and the hedged item, as well as the risk management objectives and strategy for undertaking various hedging transactions. Furthermore, at the commencement of the hedging and on a continuous basis, the Bank documents whether the hedging instrument is effective in offsetting changes in the fair value or cash flows of the hedged item that can be attributed to the hedged risk, and for which all hedging relationships meet the following hedging 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 this economic relationship.

  - The hedge ratio for the hedge relationship is the same as that results from the amount of the hedged item to which the Bank actually hedges and the amount of the hedging instrument that the Bank actually uses to hedge that amount of the hedged item.

- The Bank rebalances the hedging relationship in order to comply with the requirements of the hedge rate when necessary. In such cases, the suspension may apply to only part of the hedge relationship. For example, the hedge ratio may be adjusted in such a way that part of the hedged item is not part of the hedge relationship, and therefore the hedge accounting is suspended only for the size of the hedging item that is no longer part of the hedge relationship.

- If the hedge relationship ceases to meet the hedge effectiveness requirements related to the hedge ratio but the risk management objective of this hedge relationship remains the same, the Group adjusts the hedge ratio for the hedging relationship (such as the hedge rebalance) so that the qualification criteria are combined again.

- In some hedging relationships, the Bank only determines the true value of the options. In this case, a change in the fair value of the component of the time value of the option in the other comprehensive income is deferred, over the hedging period, to the extent that it relates to the hedged item and is reclassified from equity to the consolidated statement of profit or loss when the hedged item does not lead to recognition of non-financial items. The Bank's risk management policy does not include hedging items that lead to recognition of non-financial items, because the Bank's risks relate to financial items only.

- The hedged items determined by the Bank are hedging items related to the time period, which means that the original time value of the option related to the hedged item of equity is amortised to the consolidated statement of profit or loss on a rational basis (for example, according to the straight-line method) over the period of hedging relationship.

- In some hedging relationships, the Bank does not determine the forward component of a forward contract or the difference on a currency basis for the hedging instrument across the currencies. In this case, a similar treatment applies to the time value of the options. It is optional to treat the forward component of the forward contract and the difference on a currency basis, and the option is applied on a hedging basis separately, other than treating the time value of options that are mandatory. With regard to hedging relationships and forward derivatives or foreign currencies such as interest rate swaps across currencies, when the forward component or the difference on the currency basis is excluded from classification, the Bank generally recognises the excluded item in other comprehensive income.

- Details of 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 change in the fair value of the qualified hedging instrument is recognised in the consolidated statement of profit or loss except when the hedging instrument hedges the equity instrument designated at fair value through other comprehensive income, in which case it is recognised in other comprehensive income. The Bank has not specified fair value hedging relationships when the hedging instrument hedges the equity instrument designated at fair value through other comprehensive income.

- The carrying amount of the hedged item that was not measured at fair value is adjusted for the change in the fair value, which can be attributed to the hedged risk and a corresponding recognition in the consolidated statement of profit or loss. For debt instruments that are measured at fair value through other comprehensive income, the carrying amount is not adjusted as it is at fair value, but the profit or loss portion of the fair value on the hedged item associated with the risk hedged is included in the consolidated statement of profit or loss instead of the other comprehensive income. When the hedged item has a fair value equity instrument determined through other comprehensive income, the hedging gains/ losses remain in the other comprehensive income to match the hedging instrument.

- When the hedging gains/ losses are recognised in the consolidated statement of profit or loss, they are recognised in the same item as the hedged item.

- The Bank does not suspend hedging accounting except when the hedging relationship (or part of it) ceases to meet the qualifying criteria (after rebalancing, if any). This includes cases where the hedging instrument expires, is sold, terminated, or exercised, and exclusion is stated for the future effect. Amortisation is accounted for the fair value adjustment to the book value of the hedged items for which the effective interest method is used (i.e. tools we have measured at amortised cost or at fair value through other comprehensive income) that results from the hedged risk in the consolidated statement of profit or loss as of a date not later than the date of suspension of hedge accounting.

Cash flow hedges

- The effective portion of changes in the fair value of derivatives and other qualified hedging instruments that are determined and qualify as cash flow hedges in the hedging reserve for cash flow is recognised, as a separate component, in other comprehensive income. This is limited to the cumulative change in the fair value of the hedged item from the start of the hedge less any amounts recycled to the consolidated statement of profit of loss.

- Amounts previously recognised in other comprehensive income and the accumulation of shareholders' equity in the consolidated statement of profit or loss in the periods in which the hedging item affects profit or loss are reclassified in the same line of the hedged recognised item. If the Bank no longer expects the transaction to occur, then this amount is immediately reclassified to the consolidated statement of profit or loss.
- The bank does not suspend hedging accounting except when the hedging relationship (or part of it) ceases to meet the qualifying criteria (after rebalancing, if any). This includes cases where the hedging instrument expires, is sold, terminated, or exercised, or when the occurrence of a specific hedging transaction is not considered to be highly probable. Suspension is calculated with a future effect. Any gains/ losses recognised in other comprehensive income and accumulated in equity at that time remain in equity and recognised when the expected transaction is finally recorded in profit or loss. When the occurrence of a forecast transaction becomes unpredictable, the accumulated profits/ losses in shareholders' equity is reclassified and recognised directly in the consolidated statement of profit or loss.

Hedges of net investments in foreign operations

- Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gains/ losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income and accumulated in the reserve of foreign exchange.
- The profits and losses resulting from the hedging instrument related to the effective portion of the hedging accumulated in the foreign currency translation reserve are reclassified into profits or losses in the same way as the foreign exchange differences of the foreign operation as described above.

Offsetting

- Financial assets and liabilities are offset and net amounts are reported in the consolidated statement of financial position, only when legally enforceable rights are established and when such amounts are settled on a net basis, and when assets and liabilities are settled simultaneously.

Accounts managed for the interest of clients

- Accounts managed by the Bank on behalf of clients are not considered as assets of the Bank. Fees and commissions for managing these accounts are shown in the consolidated statement of profit or loss. A provision is made against the decrease in the value of the capital-guaranteed portfolios, which are managed for the interest of clients.

Fair Value

- Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Bank takes into account, when pricing the asset or liability, if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value such as value as used in IAS (36).
- In addition, for the purposes of preparing financial reports, fair value measurements are categorised to level (1), (2) or (3) based on the clarity of the inputs in relation to the fair value measurements and the importance of the inputs in relation to the full fair value measurements, and they are defined as follows:
    - Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
    - Level 2 inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
    - Level 3 inputs for the asset or liability that are not based on observable market data.

Provisions

- Provisions are recognised when the Bank has obligations at the date of the consolidated statement of financial position arising from past events and obligations can be paid and measured reliably.

Employees' benefits

Employees' short term benefits

- Employee's short term benefits are recognised as expenses when providing related services. The commitment relating to the amount expected to be paid is recognised when the Bank has a current legal or constructive obligation to pay for the previous services provided by the employee and the obligation can be estimated reliably.

Employees' other long-term benefits

- The Bank's net liabilities in relation to employees' benefits are the amount of future benefits that employees have received for their services in the current and previous periods. Those benefits are deducted to determine their present value. The remeasurement is recognised in the consolidated statement of profit or loss in the period in which it arises.

Income tax

- Tax expenses represent amounts of tax payable and deferred tax.
- Payable tax expenses are calculated based on taxable profits. Taxable profits are different from profits disclosed in the consolidated financial statements, as the disclosed profits include revenue that is not subject to tax, expenses that are not deductible in the financial year but in subsequent years or accumulated losses that are accepted in terms of tax, or items that are not taxable or deductible for tax purposes.
- Taxes are calculated as per the tax rates established by the laws, regulations and instructions applicable in the countries where the Bank operates.
- Deferred tax is the tax expected to be paid or recovered as a result of temporary timing differences between the value of assets or liabilities in the consolidated financial statements and the value based on which taxable profit is calculated. Deferred tax is calculated using the liability method in the statement of financial position, and deferred tax is accounted for in accordance with tax rates expected to be applied to settle the tax liability or realise deferred tax assets.
- Deferred tax balance is reviewed at the consolidated financial statements date and written down when it is not probable to utilise tax assets partially or fully.

Assets seized by the Bank in settlement of due debts

- Assets seized by the Bank are recognised in the consolidated statement of financial position within the "other assets" item at the lower of the value reverted to the Bank and the fair value, and are revaluated at the consolidated financial statements date at fair value separately. Any impairment is recorded as a loss in the consolidated statement of profit or loss and the increase is not recognised as revenue. Subsequent increase is included in the consolidated statement of profit or loss to the extent that impairment value does not exceed the previously recorded value.

  As of the beginning of 2015, a gradual provision was made for real estate acquired for more than 4 years against debts according to the Circular of the Central Bank of Jordan No. 4076/1/15 dated 27 March 2014 and No. 2510/1/10 dated 14 February 2017. Noting that the Central Bank of Jordan issued Circular No. 13967/1/10 dated 25 October 2018, in which the Circular No. 16607/1/10 dated 17 December 2017 was approved for extension. The Central Bank of Jordan also confirmed postponing the calculation of the provision until the end of the year 2019. According to the Central Bank's Circular No. 16239/1/10 dated 21 November 2019, deduction of the required provisions against real estate acquired is made at the rate of (5%) of the total book values of these properties (regardless of the period of violation) as of the year 2021, so that the required percentage of (50%) of these properties are reached by the end of the year 2029.

Pledged financial assets

- These are the financial assets pledged in favour of other parties, with the other party having the right to dispose of it (by selling or re-pledging). These assets continue to be evaluated according to the accounting policies used to evaluate each asset according to its original classification.

Repurchase or sale contracts

- Sold assets, which are simultaneously committed to be repurchased at a future date, because the Bank continues to control those assets and because any risks or benefits accrue to the Bank as they occur, continue to be recognised in the consolidated financial statements. They continue to be evaluated according to the accounting policies used. (In the event that the buyer has the right to dispose of these assets (sale or re-pledging), they must be reclassified as pledged financial assets). The amounts corresponding to the amounts received for these contracts are included in the liabilities in the borrowed funds line item, and the difference between the sale and repurchase price is recognised as interest expense to be accrued over the life of the contract using the effective interest method.

- As for the assets purchased with the simultaneous commitment to resell them on a specific future date, they are not recognised in the consolidated financial statements, due to the lack of control over these assets and because any risks or benefits that are not assigned to the bank if they occur, and the amounts paid related to these contracts, are included in deposits at banks and other financial institutions or within credit facilities, as the case may be. The difference between the purchase price and the resale price is treated as interest income due over the contract period using the effective interest method.

Property and equipment

- Property and equipment are stated at cost, less the accumulated depreciation and any impairment. Property and equipment are depreciated (excluding) lands), when they are ready for use at the straight-line method over their expected useful lives using the following annual percentages:

	%
Buildings	2
Equipment, devices and furniture	10- 25
Transport	15- 20
Computers	20
Decorations	25

- The value of an item of property and equipment is written down to its recoverable amount if its net carrying amount is greater than its recoverable amount. Impairment is recognised in the consolidated statement of profit or loss.

- The useful lives of property and equipment are reviewed at the end of each year, and if the expectations of the useful lives differ from the estimates made previously, then the change in the estimate for subsequent years is recognised as a change in the estimates.

- Property and equipment are derecognised at disposal or when there are no expected future benefits from their use or disposal.

Intangible assets

Goodwill

- Goodwill is recorded at cost which represents the increase in the acquisition or purchase cost of an investment over the fair value of the company’s net assets at the acquisition date. Goodwill resulting from investing in subsidiaries is recorded in a separate item as intangible assets. Goodwill resulting from investing in associates appears as part of the investment account in the associate and the cost of goodwill is subsequently reduced by any impairment in the investment value.

- Goodwill is allocated to cash-generating unit(s) for the purpose of impairment testing.

- Goodwill impairment is tested at the reporting date. Goodwill is written down if there is an indication that it is impaired and if the estimated recoverable amount of cash-generating unit (s) to which the goodwill belongs is lower than the carrying amount of the cash-generating unit (s). Impairment is recognised in the consolidated statement of profit or loss.

Other intangible assets

- Intangible assets that are acquired through the merger are stated at fair value at the date of acquisition. The intangible assets that are obtained by a method other than the merger are stated at cost.
- Intangible assets are classified on the basis of their estimated lifetime for a definite or indefinite period. Intangible assets that have a definite lifetime are amortised during this lifetime and are recognised in the consolidated statement of profit or loss. For intangible assets that have a indefinite lifetime, their impairment is reviewed at the date of the consolidated financial statements and any impairment is recognised in the consolidated statement of profit or loss.
- Intangible assets resulting from the Bank's business are not capitalised and are recognised in the consolidated statement of profit or loss in the same period.
- Any indications for the impairment of intangible assets are reviewed at the date of the financial statements. The estimate of the useful lives of those assets is reviewed and any adjustments are made for subsequent periods.
- Computer software and systems: these are amortised using the straight-line method over a period not exceeding 3 years from the date of purchase.

<u>Impairment of non-financial assets:</u>

- The carrying value of the Group's non-financial assets is reviewed at the end of each fiscal year except for the deferred tax assets, to determine whether there is an indication of impairment. In the event of an indication of impairment, the amount recoverable from these assets will be estimated.
- If the carrying amount of the assets exceeds the recoverable amount from those assets, the impairment loss is recorded in those assets.
- The recoverable amount is the higher of an asset’s fair value -less costs to sale - and the value in use.
- All impairment losses are taken to the consolidated statement of profit or loss and other comprehensive
- The impairment loss for goodwill is not reversed. For other assets, the impairment loss is reversed only if the carrying amount of the asset does not exceed the carrying amount that was determined after the depreciation or amortisation has taken place if the impairment loss is not recognised.

<u>Foreign currencies</u>

- For the purpose of the consolidated financial statements, the results and financial position of each company in the Group are expressed in the functional currency of the Bank, and the presentation currency of the consolidated financial statements.

- The separate financial statements of the Bank's subsidiaries are prepared, and the separate financial statements of each of the Group’s companies are presented in the main functional economic currency in which they operate. Transactions are recorded in currencies other than the Bank's functional currency, according to the exchange rates prevailing on the dates of those transactions. On the date of the statement of financial position, the financial assets and liabilities are translated into foreign currencies at the exchange rates prevailing on that date. Non-monetary items carried at fair value and denominated in foreign currencies are also translated at the exchange rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not reclassified.
- Exchange differences are recognised in the consolidated statement of profit or loss in the period in which they arise, except for:
  - Foreign currency exchange differences on transactions made in order to hedge foreign currency risk.
  - Foreign currency exchange differences on monetary items required to/ from a foreign operation that are not planned or unlikely to be settled in the near future (and therefore these differences are part of the net investment in the foreign operation), which is recognised initially in the calculation of other consolidated comprehensive income, and are reclassified from equity to the consolidated statement of profit or loss upon sale or partial disposal of net investment.
- For the purpose of the presentation of the consolidated financial statements, assets and liabilities of foreign operations of the Bank are transferred according to the exchange rates prevailing at the date of the statement of financial position. Revenue is also transferred according to the average exchange rates for the period, unless exchange rates change significantly during that period, in which case exchange rates are used on the date of transactions. Emerging differences, if any, are recognised in the consolidated statement of comprehensive income and grouped into a separate component of equity.
- When excluding foreign operations (i.e. eliminating the Bank’s entire share in foreign operations, or that resulting from the loss of control of a subsidiary within foreign operations or partial disposal of its share in a joint arrangement or an associate of a foreign nature in which the held share becomes a financial asset), all foreign currency exchange differences accumulated in the separate item that represent the equity of that operation attributable to the owners of the bank, are reclassified to the consolidated statement of profit or loss.
- In addition, with regard to partial disposal of a subsidiary that includes foreign operations and does not result in the Bank losing control of the subsidiary, its share of the accumulated exchange differences is reversed to net comprehensive income at a rate that is excluded and is not recognized in the consolidated statement of profit or loss. As for all other partial liquidations (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 profit or loss.

Leases

- The Bank has implemented IFRS (16) “Leases” that have replaced existing guidance on leases as of 1 January 2019, including IAS (17) “Leases” and IFRIC (4) “Determining whether an arrangement contains a lease”, SIC (15) “Operating lease -incentives“ and SIC (27) retrospectively from 1 January 2018“Evaluating the substance of transactions involving the legal form of a lease”.

A- **Accounting policy applied:**

- The Bank determines whether the contract is a lease or includes lease. A contract is considered a lease or includes a lease if it includes transferring control of a specific asset for a specific period in exchange for a consideration according to the definition of a lease in the standard.

B- **The Bank as a lessee**

- On the date of signing the contract, or on the date of the revaluation of the contract that contains the lease elements, the Bank distributes the entire contract value to the contract components in a proportional manner consistent with the value. It is to be noted that the Bank has decided for leases that include land and building to treat the components of the contract as one item.

Short-term leases and leases for low-value assets:

- The Bank chose not to recognise the right of use assets and lease obligations for short-term leases for items with a 12-month lease term or less and the low-value leases. The Bank recognises the lease payments associated with these contracts as operating expenses on a straight-line basis over the lease term.

C- **The Bank as a lessor**

- When the bank is lessor, at the start of the lease, it determines whether each lease is a finance lease or an operating lease.
- To classify each lease, the Bank performs a comprehensive evaluation to demonstrate whether the lease largely transfers all risks and benefits associated with ownership of this asset. If this is the case, the lease is a finance lease; if not, it is an operating lease. As part of this assessment, the Bank takes into account certain indicators such as whether the lease is the greater part of the economic life of the asset.
- The Bank applies the requirements of de-recognition and impairment in IFRS 9 for net investment in the lease. The Bank performs a periodic review of the expected non-guaranteed residual value that was used to calculate the total investment amount in the lease.

Cash and cash equivalents:

- Cash and cash equivalents comprise cash and cash balances that mature within three months. They include cash balances at Central banks and balances at banks and financial institutions, less deposits at banks and financial institutions that mature within three months, as well as restricted balances.

Earnings per share (EPS):

- Basic and diluted earnings per share are calculated for ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the company’s shareholders by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by adjusting the profit or loss for the year, which is attributable to the company’s shareholders and the weighted average of ordinary shares, so that it shows the effect on the share’s profit on all the ordinary shares traded during the year and its return is likely to decrease.

3) Critical accounting judgments and key sources of estimation uncertainty:

- The preparation of the consolidated financial statements and the application of accounting policies require the Bank's management to make estimates and judgements that affect the amounts of assets and liabilities and the disclosure of contingent liabilities. These estimates and judgments generally affect the revenues, expenses, provisions and ECLs, as well as the changes in fair value that appears in the consolidated statement of comprehensive income and within shareholders' equity. Specifically, the Bank's management is required to issue critical judgements and assumptions to estimate the amounts of future cash flows and their timings. Such estimates are necessarily based on assumptions and several factors involving varying degrees of estimations and uncertainty. Therefore, actual results may differ from the estimates as a result of changes in conditions and circumstances of those estimates in the future.
- Judgements, estimates and assumptions are reviewed on an ongoing basis. The impact of change in estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.
- **The Bank's management believes that its estimates in the consolidated financial statements are reasonable and detailed as follows:**

3-1 **<u>Impairment of seized properties:</u>**

Impairment of seized properties is recognised based on recent property valuation approved by credited valuators for the purposes of calculating the impairment. The impairment is reviewed periodically.

3-2 **<u>Useful lives of tangible assets and intangible assets:</u>**

Management reassessed the useful lives of tangible assets and intangible assets periodically for the purpose of calculating annual depreciation and amortisation based on the overall condition of those assets and estimates of expected useful lives in the future useful lives. Impairment loss is taken to the consolidated statement of profit or loss for the year.

3-3 **<u>Income tax:</u>**

The financial year is charged with its own income tax expense in accordance with the laws and regulations, and accounting standards. Deferred tax assets and liabilities and required tax provision are accounted for.

3-4 **<u>Lawsuits provision :</u>**

A provision is made for any potential legal obligations based on the legal study prepared by the Bank's legal advisor that identifies the potential risks that may occur in the future. Such study is reviewed periodically.

3-5 **Provision for end of service benefits:**

The provision for end-of-service benefits that represents the Bank's obligations to employees is calculated and computed according to the Bank's internal regulations.

3-6 **Assets and liabilities that are stated at cost:**

Management reviews, on a regular basis, the assets and liabilities that are stated at cost to estimate impairments, if any. Impairment losses are recognised in the consolidated statement of profit or loss for the year.

3-7 **Provision for expected credit loss:**

The Bank's management is required to use significant judgments and estimates to estimate future cash flows amounts and timings, and estimate the risks of a significant increase in credit risk for financial assets after initial recognition and future measurement information for expected credit losses. The most significant policies and estimates used by the Bank's management are detailed in Note (39).

3-8 **Business model assessment:**

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Bank determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence, including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Bank monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

3-9 **Significant increase in credit risk:**

ECLs are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Bank takes into account qualitative and quantitative reasonable and supportable forward looking information. Estimates used by the Bank's management, which are related to the significant change in credit risk that lead to a change in classification within the three stages (1, 2, and 3) are detailed in Note (39).

3-10 Establishing groups of assets with similar credit risk characteristics:

When the expected credit losses are measured on a collective basis, the financial instruments are grouped based on common risk characteristics (such as the type of instrument, the degree of credit risk, the type of collateral, the initial recognition date, the remaining period of maturity date, the industry, the borrower's geographic location, etc.). The Bank monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets.

3-11 Re-segmentation of portfolios and movement between portfolios:

Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECL, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECL but the amount of ECL changes because the credit risk of the portfolios differ.

3-12 Models and assumptions used:

The Bank uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL, as outlined in Note (91). Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

A- Classification and measurement of financial assets and liabilities

- The Bank classifies financial instruments or components of financial assets upon initial recognition, either as a financial asset, financial liability, or an equity instrument in accordance with the substance of the contractual agreements and the definition of the instrument. Reclassification of a financial instrument in the consolidated financial statements is subject to its substance rather than its legal form.
- The Bank determines the classification upon initial recognition as well as a reassessment of that determination, if possible and appropriate, at the date of each consolidated statement of financial position.
- When measuring financial assets and liabilities, some of the Bank's assets and liabilities are remeasured at fair value for the purposes of preparing financial reports. When estimating the fair value of any of the assets or liabilities, the Bank uses the observable available market data. In the absence of Level 1 inputs, the Bank performs the assessments using professionally qualified independent evaluators. The Bank works in close cooperation with qualified external evaluators to develop appropriate valuation techniques and data on the fair value estimation model.

B. Classification and measurement of financial assets and liabilities

- In the event that it is not possible to obtain from the active markets the fair values of the financial assets and financial liabilities included in the consolidated statement of financial position, those fair values are determined using a set of valuation techniques that include the use of mathematical models. The data entered for these models is obtained from the market data, if possible. In the absence of such market data, fair values are determined by judgment. These provisions include considerations of liquidity and data entered for the models, such as volatility of derivatives, longer-term discount ratios, prepayment ratios and default ratios on securities backed by the assets. Management believes that the valuation techniques used were appropriate to determine the fair value of the financial instruments.

3-13 Options of extension and termination of leases

Extension and termination options are included in a number of leases. These conditions are used to increase operational flexibility in terms of contract management. Most of the extension and termination options held are renewable by both the Bank and the lessor.

3-14 Determination of lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The extension options (or periods after the termination options) are included only in the term of the lease if the lease is reasonably certain to be extended (or not terminated). The evaluation is reviewed in the event of a significant event or significant change in the circumstances that affect this evaluation and that are under the control of the lessee.

3-15 Key sources of estimation uncertainty

The following are key estimations that the management has used in the process of applying the of the Bank's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements:

- **Establishing the number and relative weightings of forward-looking scenarios for each type of types product/ MARKET and determining the forward looking information relevant to each scenario:**
  When measuring ECL, the Bank uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

- **Probability of default (PD)**
  PD is a key entry point in the measurement of expected credit loss. PD is an estimate of the probability of default, over a certain period of time, which includes the computation of historical data, assumptions and projections related to future conditions.

- **Loss given default (LGD)**

  LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

- **Measurement and assessment procedures of fair value**

  When estimating the fair value of assets or liabilities, the Bank uses the observable available market data. In the absence of Level 1 inputs, the Bank performs the assessments using appropriate valuation models to determine the fair value of financial instruments.

- **Discounting lease payments**

  Lease payments are discounted using the bank's additional borrowing rate ("IBR"). Management

  applied provisions and estimates to determine the additional borrowing rate at the start of the lease.

- **The impact of (COVID 19) pandemic**

  The Corona Virus (COVID-19) pandemic has spread across different geographical regions of the world, disrupting business and economic activities and caused doubts globally. For which financial and monetary authorities, both domestic and international declared various support measures in all parts of the world to face the potential negative effects, as at the present time there is a significant increase of uncertainty in determining the economic impact that is manifested, for example, in the volume of liquidity and volatility in assets prices, foreign currency exchange rates, a noticeable decrease in long-term interest rates, an assessment of the significant increase in credit risk and different macroeconomic factors. Accordingly, the Group’s management has closely monitored the situation and has activated it’s business continuity plan and other risk management practices to manage any potential disruptions that the Corona Virus (COVID -19) outbreak may cause to the Group's business, operations and financial performance.

- **(COVID-19) and the Expected Credit Losses**

  In determining expected credit losses during the 2020, the Group considered (based on the best available information) conditions of uncertainty about COVID-19, economic support , relief work from Jordanian government and the Central Bank of Jordan. Also, the Group considered the instructions NO. 10/3/4375 issued by Central bank of Jordan on 15 March 2020 and the instructions issued by the International Accounting Standards Board dated 27 March 2020, which is related to classifying the stages, as a result of the existence of a significant increase in credit risk (SICR) and the following are some procedures implemented by the group:

1- when calculating expected credit losses as at the end of the year, the Group excluded the best case PD when calculating the probability of default PD, and has adopted the worst case scenario PD and base case scenario PD, for the purposes of hedging the anticipated effects of the pandemic on the group's financial position.

2- The PD ratio for Stage 2 clients has been set at a minimum of 2.4% for the expected credit risk hedging.

3- A careful consideration for the correct transitioning in between stages for all clients whether affected or not by the impact of COVID-19

4- Taking into account the macroeconomic factors when calculating expected credit losses such as GDP, Unemployment Rate, Inflation Rate, and Real Estate Price Index.

5- Test several scenarios for stress situations to hedge against the expected impact of the pandemic, such as assuming the decline of customer credit rating and assuming a ratio of 100% for worst case scenario and increase the value of the deduction on collateral haircut.

The Group has implemented a deferral program for its customers working in highly vulnerable sectors by deferring interest accrued and the payment of the original installment due for one to three months. These repayment delays are short-term liquidity to address borrowers' cash flows. Deferrals to clients may indicate a substantial increase in credit risk, however, the Bank believes that extending this repayment deferral period does not automatically mean a substantial increase in credit risk, requiring the borrower to be transferred to the next stage for the purposes of calculating expected credit losses. The deferral process to provide assistance to borrowers affected by the Covid-19 outbreak aims to resume payments regularly. At this stage, there is insufficient information to enable the group to differentiate between the short-term financial difficulties associated with Covid-19 from those associated with the substantial increase in credit risk to borrowers over the lifetime of the financial instrument. This approach is in line with the expectations of the Central Bank of Jordan as indicated in its circular (No. 4375/3/10 issued on March 15, 2020), which did not consider the arrangements for the affected sectors during this period as a rescheduling or restructuring of credit facilities during the period for the purpose of assessing the substantial increase in credit risk and therefore were not considered as an amendment to the terms of the contract.

Reasonable forward looking weighted probabilities

Any changes made to Expected credit losses resulting from estimating the impact of the Covid-19 pandemic on macroeconomic indicators are subject to very high levels of uncertainty, with limited future information on these changes currently available. A number of positive factors were taken into account when examining the impact of the epidemic, including:

- Initiatives of the Central Bank of Jordan and the Jordan Loan Guarantee Company.
- Central Bank's instructions regarding the postponement of loan and interest installments.
- Government initiatives and the Social Security Corporation.
- Reducing interest rates.
- The Central Bank of Jordan has fortified the bank's liquidity (including reducing the ratio of cash reserves) and granting facilities at low interest rates.

- **Measures taken by the group to counter the possible impact of the epidemic on the group**

In accordance with the best available information and uncertainties about the epidemic, and after taking into account the support measures taken by government agencies and the actions taken by the Central Bank of Jordan in accordance with the circular no. 4375/3/10 on March 15, 2020, the Group studied some measures to counter the possible effects of the epidemic on the group, such as conducting the required stress tests From the Central Bank of Jordan and conducted several internal tests to assess the bank's ability to withstand the expected impact of the Covid-19 epidemic, the group has therefore taken additional allocations as a result of the expected effects of Covid-19 worth JD 14.5 million as at the end of 2020, and the actions taken will be evaluated continuously during 2021.

The impact of such uncertain economic conditions is discretionary and the Group will continue to reassess its position and associated impact on a regular basis, and, as with any economic forecast, expectations and prospects are subject to a high degree of uncertainty and therefore actual results may differ significantly from those expected, and management expects greater clarity on the impact of Covid-19 on the group's business results during 2021.

(4) Cash and balances at the Central Bank of Jordan

The details of this item are as follows:

	31 December 2020	31 December 2019
	JD	JD
Cash on hand	13,396,731	13,977,574
Balances at the Central Bank of Jordan		
Current and demand accounts	5,451,602	5,238,947
Term and notice deposits	30,500,000	16,000,000
Statutory cash reserve	41,029,221	53,342,930
certificate of Deposit	-	32,200,000
Total	90,377,554	120,759,451

There are no restricted balances except for the statutory cash reserve as at 31 December 2020 and 31 December 2019.

There are no amounts matured during a period of more than 3 months as at 31 December 2020 and 31 December 2019.

The Bank has not calculated and recorded the provision for expected credit losses on the balances with the Central Bank of Jordan, in accordance at the Central Bank of Jordan's instructions regarding the implementation of IFRS (9).

(5) Balances at banks and financial institutions

This item consists of the following:

	Local banks and financial institutions		Foreign banks and financial institutions		Total	
	31 December		31 December		31 December	
	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD
Current and held at call accounts	336,099	305,308	31,679,749	24,461,734	32,015,848	24,767,042
Deposits maturing within 3 months or less	17,545,000	16,921,807	21,381,646	16,140,640	38,926,646	33,062,447
Less: provision for expected credit loss	(152)	(62,755)	(906)	(2,545)	(1,058)	(65,300)
Total	17,880,947	17,164,360	53,060,489	40,599,829	70,941,436	57,764,189

Balances at banks and financial institutions, with no interest amounted to JD 32,125,509 as at 31 December 2020 compared to JD 24,877,234 as at 31 December 2019.

There are no restricted balances as at 31 December 2020 and 31 December 2019.

Movement on the balances of cash at banks and financial institutions:

2020	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
Total balance as at the beginning of the year	57,829,489	-	-	57,829,489
New balances during the year	56,980,547	-	-	56,980,547
Repaid/ derecognized balances	(43,867,542)	-	-	(43,867,542)
Transferred to Stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from amendments	-	-	-	-
Written off balances	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-
Total Balance as at the end of the year	70,942,494	-	-	70,942,494

2019	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
Total balance as at the beginning of the year	60,529,732	-	-	60,529,732
New balances during the year	41,483,385	-	-	41,483,385
Repaid/ derecognized balances	(44,183,628)	-	-	(44,183,628)
Transferred to Stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Written off balances	-	-	-	-
Changes resulting from amendments	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-
Total Balance as at the end of the year	57,829,489	-	-	57,829,489

Disclosure of the movement of provision for expected credit loss:

2020

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
Balance at beginning of the year	65,300	-	-	65,300
Impairment loss on new balances during the year	1,058	-	-	1,058
Recoveries from impairment loss on (repaid/ derecognised)	(65,300)	-	-	(65,300)
Transferred to Stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Effect on the provision -as at the end of the year- from the classification change among the three stages during the year	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Written off balances	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-
Total Balance as at the end of the year	1,058	-	-	1,058

2019

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
Balance at beginning of the year	33,234	-	-	33,234
Impairment loss on new balances during the year	65,300	-	-	65,300
Recoveries from impairment loss on (repaid/ derecognised)	(33,234)	-	-	(33,234)
Transferred to Stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Effect on the provision -as at the end of the year- from the classification change among the three stages during the year	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Written off balances	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-
Total Balance as at the end of the year	65,300	-	-	65,300

(6) Deposits at banks and financial institutions

The details of this item are as follows:

	Local banks and financial institutions		Foreign banks and financial institutions		Total	
	31 December		31 December		31 December	
	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD
Deposits matured within more than 3 months	400,000	5,000,000	-	1,772,500	400,000	6,772,500
Less: provision for expected credit loss	(51)	(19,424)	-	(152)	(51)	(19,576)
Total	399,949	4,980,576	-	1,772,348	399,949	6,752,924

* There are no restricted deposits as at 31 December 2020 and 31 December 2019.

Movement of the deposits at banks and financial institutions:

2020	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
Balance as at the beginning of the year	6,772,500	-	-	6,772,500
New balances during the year	400,000	-	-	400,000
Repaid/ derecognized balances	(6,772,500)	-	-	(6,772,500)
Transferred to Stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Written off balances	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-
Total Balance as at the end of the year	400,000	-	-	400,000

2019	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
Balance as at the beginning of the year	5,810,617	-	-	5,810,617
New balances during the year	1,772,500	-	-	1,772,500
Repaid/ derecognized balances	(810,617)	-	-	(810,617)
Transferred to Stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Written off balances	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-
Total Balance as at the end of the year	6,772,500			6,772,500

Disclosure of movement of provision for expected credit loss:

2020	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
Balance at beginning of the year	19,576	-	-	19,576
Impairment loss on new balances during the year	51	-	-	51
Recoveries from impairment loss on (repaid/ derecognised) balances	(19,576)	-	-	(19,576)
Transferred to Stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Impact on the provision -as at the end of the year- from the (change of classification) among the three stages during the year	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Written off balances	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-
Total Balance as at the end of the year	51			51

2019	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
Balance at beginning of the year	14,780	-	-	14,780
Impairment loss on new balances during the year	6,858	-	-	6,858
Recoveries from impairment loss on (repaid/ derecognised) balances	(2,062)	-	-	(2,062)
Transferred to Stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Impact on the provision -as at the end of the year- from the classification change among the three stages during the year	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Written off balances	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-
Total Balance as at the end of the year	19,576	-	-	19,576

(7) <u>Financial assets at fair value through statement of profit or loss</u>

The details of this item are as follows:

	31 December 2020	**31 December 2019**
	JD	JD
Shares of companies	5,960	9,666
Investment funds	1	1
Total	5,961	9,667

(8) <u>Financial assets at fair value through other comprehensive profit or loss</u>

The details of this item are as follows:

	31 December 2020	**31 December 2019**
	JD	JD
Shares with available market prices	32,450,995	36,855,325
Shares with non-available market prices*	6,792,615	7,086,325
Total	39,243,610	43,941,650

* The fair value of unlisted shares was determined according to the third level of fair value hierarchy, using the book value, which is the best available tool for measuring the fair value of these investments.

- The value of losses realised from the sale of assets at fair value through other comprehensive income amounted to JD 1,431,900 for the year ended 31 December 2020 compared to JD 474,739 for the year ended 31 December 2019 that was directly credited to the retained earnings in equity.
- Cash dividends on the above financial assets amounted to JD 3,211,974 for the year ended 31 December 2020 compared to JD 3,074,579 for the year ended 31 December 2019.

(9) Financial assets at amortised cost

The details of this item are as follows:

	31 December 2020	31 December 2019
	JD	JD
Financial assets with market prices:		
Government bills and treasury bonds	95,185,311	81,564,543
Corporate loan bonds and bills	4,251,285	6,378,637
Total	99,436,596	87,943,180
Financial assets with no market prices available:		
Government treasury bonds	24,531,286	31,620,558
Corporate loan bonds and bills	49,620,000	49,620,000
Total	74,151,286	81,240,558
Expected Credit loss provision as per IFRS (9)	(716,246)	(149,146)
Total financial assets at amortised cost	172,871,636	169,034,592
Analysis of bills and bonds		
With fixed rate	114,920,701	110,513,780
With floating rate	57,950,935	58,520,812
	172,871,636	169,034,592

- During 2020, the Bank sold financial assets at amortized cost, at a value of JD 7,090,000 in 2020, in respect to 14,872,014 for 2019, and this resulted in gains of JD 34,883 in 2020, and 344,828 for 2019.
- The Bank has not calculated and recorded the provision for expected credit losses on government bills and treasury bonds, in accordance at the Central Bank of Jordan's instructions regarding the implementation of IFRS (9).

Movement of financial assets at amortised cost:

2020	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
Value as at the beginning of the year	164,063,738	5,120,000	-	169,183,738
New investment during the year	35,921,570	-	-	35,921,570
Matured/ derecognised investments	(31,517,426)	-	-	(31,517,426)
Change in fair value	-	-	-	-
Transferred to Stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from amendments	-	-	-	-
Written off balances	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-
Total Balance as at the end of the year	168,467,882	5,120,000	-	173,587,882

2019	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
Total balance as at the beginning of the year	122,972,257	-	-	122,972,257
New investment during the year	61,908,182	-	-	61,908,182
Matured/ derecognised investments	(15,696,701)	-	-	(15,696,701)
Change in fair value	-	-	-	-
Transferred to Stage 1	-	-	-	-
Transferred to stage 2	(5,120,000)	5,120,000	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from amendments	-	-	-	-
Written off balances	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-
Total Balance as at the end of the year	164,063,738	5,120,000	-	169,183,738

Provision for expected credit loss movement:

2020	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
Balance at beginning of the year	44,464	104,682	-	149,146
Impairment loss on new Investment during the year	326	575,318	-	575,644
Recovery from impairment loss on due matured/ derecognised investments	(8,544)	-	-	(8,544)
Transferred to Stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Impact on the provision -as at the end of the year- from the classification change among the three stages during the year	-	-	-	-
Changes resulting from amendments	-	-	-	-
Written off balances	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-
Total Balance as at the end of the year	36,246	680,000	-	716,246

2019	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
Balance at beginning of the year	273,925	-	-	273,925
Impairment loss on new Investment during the year	16,339	-	-	16,339
Recovery from impairment loss on due matured/ derecognised investments	(141,118)	-	-	(141,118)
Transferred to Stage 1	-	-	-	-
Transferred to stage 2	(130,234)	130,234	-	-
Transferred to stage 3	-	-	-	-
Impact on the provision -as at the end of the year- from the classification change among the three stages during the year	25,552	(25,552)	-	-
Changes resulting from adjustments	-	-	-	-
Written off balances	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-
Total Balance as at the end of the year	44,464	104,682	-	149,146

(10) Direct credit facilities at amortized cost - net

The details of this item are as follows:

	31 December 2020	31 December 2019
	JD	JD
Individuals (retail)		
Overdrafts	6,744,535	8,642,318
Loans and disscounted bills*	176,502,978	148,052,196
Credit cards	36,451,370	21,180,982
Real estate mortgage	144,474,197	145,512,283
Companies		
Large corporate		
Overdrafts	83,177,308	86,138,523
Loans and bills*	247,177,601	249,501,460
SMEs		
Overdrafts	6,383,076	4,920,010
Loans and disscounted bills*	45,289,834	46,621,308
Government and public sector	38,585,290	9,523,982
Total	784,786,189	720,093,062
Less:		
Provision for expected credit losses facilities	42,382,980	37,578,723
Interests in suspense**	10,471,202	8,227,470
Net direct credit facilities	731,932,007	674,286,869

* Net after deducting interest and commissions received in advance amounted of JD 33,388,764 as at 31 December 2020 against JD 27,678,516 as of 31 December 2019.

** Interests in suspense include an amount of JD 428,895 as at 31 December 2020 compared to an amount of JD 175,171, as at 31 December 2019, which represents interests in suspense against some performing and watch list accounts (stages 2 and 3).

- Non-performing credit facilities as per CBJ instructions amounted to JD 43,906,686 which is equivalent to 5.6% of total credit facilities as of 31 December 2020 against JD 51,492,519 which is equivalent to 7.2% of total credit facilities as of 31 December 2019.

- Non-performing credit facilities excluding interest in suspense amounted to JD 33,864,379 which is equivalent to 4.4% of total direct credit facilities as of 31 December 2020 against JD 43,440,220 which is equivalent to 6.1% of total direct credit facilities excluding interest in suspense as of 31 December 2019.

- Credit facilities granted to the Jordanian government /or by its guarantee amounted to JD 38,585,290 which is equivalent to 4.9% from total direct credit facilities as of 31 December 2020 against JD 9,523,982 which is equivalent to 1.3% from total direct credit facilities as of 31 December 2019.

- Part of the installments receivable guarantees and finance lease contract in Jordan Tarde Facilities Company (Cheques and promissory notes) amounting JD 1,253,302 as of 31 December 2020 have been deposited as guarantees against loan balances and bank overdraft, against JD 11,493,283 as of 31 December 2019.

- The written off debts that have been transferred to the off balance sheet items amounted to 11,020,801 during the year 2020 against JD 8,135,638 during the year 2019

- The written off debts transferred to the off balance sheet items amounted to JD 60,283,111 as of 31 December 2020 against JD 49,398,181 as of 31 December 2019.

A- Provision for direct expected credit losses for direct facilities in gross:

Below is the movement on the provision for direct expected credit losses:

			Companies		
	Retail	Real estate loans	Corporate	SMEs	Total
	JD	JD	JD	JD	JD
2020					
Balance at the beginning of the year	13,378,308	2,029,143	16,545,883	5,625,389	37,578,723
Deducted from (reversed to) revenue during the year	(2,508,144)	2,504,638	13,954,651	1,682,110	15,633,255
Provision utilised during the year (debts written off)	(120,462)	(72,323)	(10,601,117)	(35,096)	(10,828,998)
Balance at the end of the year	10,749,702	4,461,458	19,899,417	7,272,403	42,382,980
2019					
Balance at the beginning of the year	14,297,589	3,085,775	15,637,579	6,274,361	39,295,304
Deducted from (reversed to) revenue during the year	242,639	(1,054,221)	2,654,515	312,127	2,155,060
Provision utilized during the year (debts written off)	(1,161,920)	(2,411)	(1,746,211)	(961,099)	(3,871,641)
Balance at the end of the year	13,378,308	2,029,143	16,545,883	5,625,389	37,578,723

B- Movement of total facilities based on stages:

	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
2020	JD	JD	JD	JD	JD	JD
Total balance as at the beginning of the year	185,884,183	313,531,509	132,892,285	19,399,188	68,385,897	720,093,062
New balances during the year	74,007,846	82,246,427	11,732,461	2,886,289	15,645,631	186,518,654
Repaid/ derecognized balances	(23,563,625)	(25,757,870)	(23,851,252)	(2,360,579)	(4,685,404)	(80,218,730)
Transferred to Stage 1	14,528,481	2,936,023	(13,819,324)	(1,347,411)	(2,297,769)	-
Transferred to stage 2	(4,872,171)	(2,887,520)	7,584,719	4,424,937	(4,249,965)	-
Transferred to stage 3	(7,416)	(1,333,078)	(14,982,184)	(1,289,908)	17,612,586	-
Changes from amendments	92,010,791	(107,520,622)	(12,679,440)	(156,638)	(1,478,440)	(29,824,349)
Written off	-	-	-	-	(11,782,448)	(11,782,448)
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	337,988,089	261,214,869	86,877,265	21,555,878	77,150,088	784,786,189

	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
2019	JD	JD	JD	JD	JD	JD
Total balance as at the beginning of the year	236,712,004	286,535,905	118,366,617	32,493,611	64,492,704	738,600,841
New balances during the year	112,816,476	117,040,707	64,269,417	9,170,867	6,849,669	310,147,136
Repaid/ derecognized balances	(116,234,090)	(102,360,684)	(73,759,668)	(14,588,064)	(13,594,669)	(320,537,175)
Transferred to Stage 1	9,486,669	4,374,488	(6,399,385)	(3,909,661)	(3,552,111)	
Transferred to stage 2	(13,306,705)	(8,989,263)	15,681,723	9,854,950	(3,240,705)	-
Transferred to stage 3	(2,323,599)	(4,913,284)	(6,860,834)	(3,557,732)	17,655,449	-
Changes from amendments	(41,266,572)	21,843,640	21,594,415	(10,064,783)	8,086,347	193,047
Written off	-	-	-	-	(8,310,787)	(8,310,787)
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	185,884,183	313,531,509	132,892,285	19,399,188	68,385,897	720,093,062

C. Provision for expected credit loss for facilities movements:

2020	Retail	Real estate loans	Companies: Corporate	Companies: SMEs	Government and public sector	Total
	JD	JD	JD	JD	JD	JD
Balance at beginning of the year	13,378,308	2,029,143	16,545,883	5,625,389	-	37,578,723
Impairment loss on new balances during the year	2,167,211	2,516,490	15,643,802	860,866	-	21,188,369
Recoveries from the impairment loss on settled balances	(3,154,936)	(543,349)	(1,242,317)	(1,102,273)		(6,042,875)
Transferred to Stage 1	237,597	36,491	231,512	10,596		516,196
Transferred to stage 2	2,298	28,510	(468,313)	(19,128)		(456,633)
Transferred to stage 3	(239,895)	(65,001)	236,801	8,532		(59,563)
Effect on the provision -as at the end of the year- from the classification change among the three stages during the year	-	-	-	-	-	-
Changes from amendments	(1,520,419)	531,497	(446,834)	1,923,517	-	487,761
Written off	(120,462)	(72,323)	(10,601,117)	(35,096)	-	(10,828,998)
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	10,749,702	4,461,458	19,899,417	7,272,403	-	42,382,980

2019	Retail	Real estate loans	Companies: Corporate	Companies: SMEs	Government and public sector	Total
	JD	JD	JD	JD	JD	JD
Balance at beginning of the year	14,297,589	3,085,775	15,637,534	6,274,406	-	39,295,304
Impairment loss on new balances during the year	3,970,233	966,989	2,637,676	2,646,296	-	10,221,194
Recoveries from the impairment loss on settled balances	(4,071,271)	(1,568,629)	(872,094)	(1,641,774)	-	(8,153,768)
Transferred to Stage 1	41,115	92,669	21,182	12,689	-	167,655
Transferred to stage 2	(84,000)	(57,692)	503	(43,444)	-	(184,633)
Transferred to stage 3	42,885	(34,977)	(21,685)	30,755	-	16,978
Effect on the provision -as at the end of the year- from the classification change among the three stages during the year	-	-	-	-	-	-
Changes from amendments	343,677	(452,581)	888,978	(692,440)	-	87,634
Written off	(1,161,920)	(2,411)	(1,746,211)	(961,099)	-	(3,871,641)
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	13,378,308	2,029,143	16,545,883	5,625,389	-	37,578,723

- Upon the request and instructions of the Central Bank of Jordan, some of the expected credit losses (represented by management overlays) classified in stage 1 were reclassified to stages 3 amounting to JD 14.5 million as mentioned in note 51.

D. Interests in suspense

The movement of interest in suspense is as follow:

	Retail	Real estate loans	Companies: Corporate	Companies: SMEs	Total
2020	JD	JD	JD	JD	JD
Balance as at beginning of the year	2,656,091	931,595	3,100,939	1,538,845	8,227,470
Interest in suspense during the year	1,108,820	239,839	1,438,498	744,854	3,532,011
Interests transferred to revenues	(217,484)	(44,062)	(16,386)	(56,897)	(334,829)
Interest in suspense written off*	(120,143)	(4,565)	(779,373)	(49,369)	(953,450)
Balance at the end of the year	3,427,284	1,122,807	3,743,678	2,177,433	10,471,202
2019					
Balance as at beginning of the year	2,824,945	1,068,026	4,272,271	2,192,679	10,357,921
Interest in suspense during the year	1,111,499	279,299	1,452,009	660,467	3,503,274
Interests transferred to revenues	(242,587)	(359,213)	(147,586)	(445,193)	(1,194,579)
Interest in suspense written off*	(1,037,766)	(56,517)	(2,475,755)	(869,108)	(4,439,146)
Balance at the end of the year	2,656,091	931,595	3,100,939	1,538,845	8,227,470

* According to the Board of Directors decision and the senior management of the subsidiaries, non performing credit facilities along with their related interest in suspense which have been provided for, was written off amounted to JD 11,782,448 for the year ended 31 December 2020 against JD 8,310,787 for the year ended 31 December 2019 .

E- Distribution of total facilities according to the Bank's internal credit classification categories:

	Stage 1		Stage 2				
	Individual	Collective	Individual	Collective	Stage 3	Total 2020	Total 2019
2020	JD	JD	JD	JD	JD	JD	
(1 - 5)	279,874,002	6,827,755	30,865,911	1,334,203	4,459,018	323,360,889	209,823,319
(6- 7)	58,114,088	152,632	56,011,128	485,895	26,884,240	141,647,983	122,152,262
(8-10)	-	-	-	-	14,154,770	14,154,770	21,427,294
Unclassified	-	254,234,482	226	19,735,780	31,652,059	305,622,547	366,690,187
Total	337,988,090	261,214,869	86,877,265	21,555,878	77,150,087	784,786,189	720,093,062

F- Movement on expected credit loss provision :

	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
2020	JD	JD	JD	JD	JD	JD
Balance as at the beginning of the year	1,821,205	1,728,082	1,466,444	1,246,870	31,316,122	37,578,723
New balances during the year	169,968	1,085,790	3,083,026	558,121	18,809,791	23,706,696
Repaid/ derecognized balances	(1,503,615)	(390,409)	(507,657)	(414,139)	(4,646,408)	(7,462,228)
Transferred to Stage 1	229,790	336,678	(229,790)	(147,544)	(189,134)	-
Transferred to stage 2	(4,143)	(62,469)	4,143	268,664	(206,195)	-
Transferred to stage 3	(73)	(41,488)	(236,728)	(120,981)	399,270	-
Impact of reclassification on the provision between three stages as of year end	(266,865)	(613,707)	(2,380,151)	(254,499)	3,515,222	-
Changes resulting from adjustments	(78,610)	(321,777)	1,184	(260,470)	48,460	(611,213)
Written off	-	-	-	-	(10,828,998)	(10,828,998)
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	367,657	1,720,700	1,200,471	876,022	38,218,130	42,382,980

	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
2019	JD	JD	JD	JD	JD	JD
Balance as at the beginning of the year	338,950	2,657,989	1,382,234	1,590,362	33,325,769	39,295,304
New balances during the year	247,594	3,636,259	2,093,985	1,585,706	2,657,650	10,221,194
Repaid/ derecognized balances	(202,927)	(1,434,853)	(715,359)	(1,171,151)	(4,629,478)	(8,153,768)
Transferred to Stage 1	45,398	635,000	(29,377)	(309,232)	(341,789)	-
Transferred to stage 2	(7,082)	(311,795)	69,228	478,267	(228,618)	-
Transferred to stage 3	(1,113)	(160,636)	(33,028)	(443,341)	638,118	-
Impact of reclassification on the provision between three stages as of year end	(50,800)	(2,099,545)	(1,306,324)	(177,839)	3,634,508	-
Changes resulting from adjustments	1,451,185	(1,194,337)	5,085	(305,902)	131,603	87,634
Written off	-	-	-	-	(3,871,641)	(3,871,641)
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	1,821,205	1,728,082	1,466,444	1,246,870	31,316,122	37,578,723

F- 1 Impairment loss of credit facilities granted to individuals:

Distribution of total facilities according to the Bank's internal credit classification categories:

	Stage 1		Stage 2				
	Individual	Collective	Individual	Collective	Stage 3	Total 2020	Total 2019
2020	JD	JD	JD	JD	JD	JD	
(1 - 5)	9,497,236	1,864,015	414,646	143,428	3,477,937	15,397,262	106,458
(6- 7)	103,075	152,632	33,058	176,574		465,339	164,362
(8-10)	-	-	-	-	1,491,693	1,491,693	
Unclassified	-	175,624,357	226	10,477,259	16,242,747	202,344,589	177,604,676
Total	9,600,311	177,641,004	447,930	10,797,261	21,212,377	219,698,883	177,875,496

Movement of facilities :

	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
2020	JD	JD	JD	JD	JD	JD
Total balance as at the beginning of the year	263,386	147,703,774	-	10,081,858	19,826,478	177,875,496
New balances during the year	1,435,796	67,323,392	33,285	1,669,459	1,374,499	71,836,431
Repaid/ derecognized balances		(19,983,414)	-	(1,189,592)	(1,962,562)	(23,135,568)
Transferred to Stage 1	-	2,174,330	-	(1,062,024)	(1,112,306)	-
Transferred to stage 2	-	(2,273,447)	-	3,161,103	(887,656)	-
Transferred to stage 3	-	(900,286)	-	(965,481)	1,865,767	-
Changes resulting from adjustments	7,901,129	(16,403,345)	414,645	(898,062)	2,348,762	(6,636,871)
Written off facilities	-	-	-	-	(240,605)	(240,605)
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	9,600,311	177,641,004	447,930	10,797,261	21,212,377	219,698,883
2019						
Total balance as at the beginning of the year	-	125,273,097	-	9,358,211	22,072,594	156,703,902
New balances during the year	-	97,795,478	-	5,839,261	2,361,042	105,995,781
Repaid/ derecognized balances	-	(65,752,105)	-	(9,887,438)	(5,932,477)	(81,572,020)
Transferred to Stage 1		2,927,338	-	(2,230,544)	(696,794)	-
Transferred to stage 2	-	(4,629,806)	-	5,226,727	(596,921)	-
Transferred to stage 3	-	(2,492,872)	-	(1,213,747)	3,706,619	-
Changes resulting from adjustments	263,386	(5,417,356)	-	2,989,388	1,112,101	(1,052,481)
Written off facilities	-	-	-	-	(2,199,686)	(2,199,686)
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	263,386	147,703,774	-	10,081,858	19,826,478	177,875,496

Movement of the provision for expected credit loss:

2020	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Balance at beginning of the year	647	1,210,565	-	769,490	11,397,606	13,378,308
Impairment loss on new balances during the year	1,261	857,595	553	273,524	1,034,278	2,167,211
Recoveries from impairment loss on (repaid/ derecognised) balances	-	(260,846)	-	(309,861)	(2,584,229)	(3,154,936)
Transferred to Stage 1	-	281,386	-	(125,502)	(155,884)	-
Transferred to stage 2	-	(45,388)	-	200,048	(154,660)	-
Transferred to stage 3	-	(31,725)	-	(98,347)	130,072	-
Effect on the provision -as at the end of the year- from the classification change among the three stages during the year	246	(538,877)	-	(96,719)	635,350	-
Changes resulting from adjustments	3,933	(162,487)	1,797	(166,195)	(1,197,467)	(1,520,419)
Written off	-	-	-	-	(120,462)	(120,462)
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	6,087	1,310,223	2,350	446,438	8,984,604	10,749,702

2019	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Balance at beginning of the year	-	1,534,844	-	799,776	11,962,969	14,297,589
Impairment loss on new balances during the year	-	1,981,715	-	544,082	1,444,436	3,970,233
Recoveries from impairment loss on (repaid/ derecognised) balances	-	(932,379)	-	(672,778)	(2,466,114)	(4,071,271)
Transferred to Stage 1		320,937	-	(219,203)	(101,734)	-
Transferred to stage 2	-	(166,093)	-	300,970	(134,877)	-
Transferred to stage 3	-	(87,763)	-	(169,725)	257,488	-
Effect on the provision -as at the end of the year- from the classification change among the three stages during the year		(1,228,725)	-	129,616	1,099,109	-
Changes resulting from adjustments	647	(211,971)	-	56,752	498,249	343,677
Written off	-	-	-	-	(1,161,920)	(1,161,920)
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	647	1,210,565	-	769,490	11,397,606	13,378,308

F-2 Impairment loss of credit facilities granted to real estate loans:

Distribution of total facilities according to the Bank's internal credit classification categories:

	Stage 1		Stage 2				
	Individual	Collective	Individual	Collective	Stage 3	Total 2020	Total 2019
2020	JD	JD	JD	JD	JD	JD	
(1 - 5)	43,985,456	4,963,740	9,275,142	1,190,775		59,415,113	2,819,708
(6- 7)	544,858	-	955,490	309,321	11,693,860	13,503,529	143,583
(8-10)	-	-	-	-	1,571,837	1,571,837	
Unclassified	-	61,250,808	-	4,348,695	4,384,215	69,983,718	142,548,992
Total	44,530,314	66,214,548	10,230,632	5,848,791	17,649,912	144,474,197	145,512,283

Movement of facilities:

	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
2020	JD	JD	JD	JD	JD	JD
Total balance as at the beginning of the year	2,819,708	133,532,176	143,583	3,691,510	5,325,306	145,512,283
New balances during the year	4,184,497	9,486,151	2,497,461	14,426	11,931,931	28,114,466
Repaid/ derecognized balances	(1,131,777)	(3,612,278)	(48,169)	(173,939)	(549,518)	(5,515,681)
Transferred to Stage 1	-	595,940	-	(204,421)	(391,519)	-
Transferred to stage 2	-	(612,760)	-	1,043,316	(430,556)	-
Transferred to stage 3	-	(403,487)	-	(6,852)	410,339	-
Changes resulting from adjustments	38,657,886	(72,771,194)	7,637,757	1,484,751	1,430,817	(23,559,983)
Written off facilities	-	-	-	-	(76,888)	(76,888)
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	44,530,314	66,214,548	10,230,632	5,848,791	17,649,912	144,474,197
2019						
Total balance as at the beginning of the year	-	123,630,930	-	16,235,893	8,147,743	148,014,566
New balances during the year	2,190,710	13,001,120	-	1,385,963	387,911	16,965,704
Repaid/ derecognized balances	-	(20,236,039)	-	(3,127,356)	(3,637,689)	(27,001,084)
Transferred to Stage 1		934,092	-	(815,686)	(118,406)	-
Transferred to stage 2	-	(1,176,740)	143,583	1,317,858	(284,701)	-
Transferred to stag	-	(935,480)	-	(823,386)	1,758,866	-
Changes resulting from adjustments	628,998	18,314,293	-	- 10,481,776	- 869,490	7,592,025
Written off facilities	-	-	-	-	(58,928)	(58,928)
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	2,819,708	133,532,176	143,583	3,691,510	5,325,306	145,512,283

Movement of the provision for expected credit loss:

2020	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Balance at beginning of the year	1,387	251,562	-	207,609	1,568,585	2,029,143
Impairment loss on new balances during the year	22,754	160,755	8,578	29,331	2,295,072	2,516,490
Recoveries from impairment loss on (repaid/ derecognised) balances	(820)	(27,250)	-	(24,920)	(490,359)	(543,349)
Transferred to Stage 1	-	37,820	-	(14,944)	(22,876)	-
Transferred to stage 2	-	(12,375)	-	52,783	(40,408)	-
Transferred to stage 3	-	(8,220)	-	(2,534)	10,754	-
Effect on the provision -as at the end of the year- from the classification change among the three stages during the year	(17,826)	(45,812)	(6,631)	(2,108)	72,377	-
Changes resulting from adjustments	15,063	(114,293)	21,370	(99,881)	709,238	531,497
Written off	-	-	-	-	(72,323)	(72,323)
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	20,558	242,187	23,317	145,336	4,030,060	4,461,458

2019	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Balance at beginning of the year	-	484,716	-	427,965	2,173,094	3,085,775
Impairment loss on new balances during the year	1,365	293,761	-	443,273	228,590	966,989
Recoveries from impairment loss on (repaid/ derecognised) balances	-	(276,235)	-	(291,522)	(1,000,872)	(1,568,629)
Transferred to Stage 1		156,621	-	(54,177)	(102,444)	-
Transferred to stage 2	-	(25,417)	6,320	27,048	(7,951)	-
Transferred to stage 3	-	(34,303)	-	(114,085)	148,388	-
Effect on the provision -as at the end of the year- from the classification change among the three stages during the year	22	(209,334)	(6,320)	84,227	131,405	-
Changes resulting from adjustments	-	(138,247)	-	(315,120)	786	(452,581)
Written off	-	-	-	-	(2,411)	(2,411)
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	1,387	251,562	-	207,609	1,568,585	2,029,143

F-3 Impairment loss of credit facilities granted to large corporate:

Distribution of total facilities according to the Bank's internal credit classification categories:

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total 2020	Total 2019
(1 - 5)	173,982,874	20,117,190	132,815	194,232,879	194,249,236
(6- 7)	54,730,959	53,535,326	15,190,380	123,456,665	119,841,272
(8-10)	-	-	9,885,267	9,885,267	20,891,799
Unclassified	-	-	2,780,098	2,780,098	657,676
Total	228,713,833	73,652,516	27,988,560	330,354,909	335,639,983

Movement on facilities:

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
2020	JD	JD	JD	JD
Total balance as at the beginning of the year	169,083,284	132,036,198	34,520,501	335,639,983
New balances during the year	38,032,157	9,201,715	1,179,334	48,413,206
Repaid/ derecognized balances	(22,306,757)	(23,775,286)	(1,110,797)	(47,192,840)
Transferred to Stage 1	14,528,481	(13,819,324)	(709,157)	-
Transferred to stage 2	(4,872,171)	7,584,719	(2,712,548)	-
Transferred to stage 3	(7,416)	(14,982,184)	14,989,600	-
Changes resulting from adjustments	34,256,255	(22,593,322)	(6,787,883)	4,875,050
Written off	-	-	(11,380,490)	(11,380,490)
Amendments resulting from changes in currency exchange	-	-	-	-
Total Balance as at the end of the year	228,713,833	73,652,516	27,988,560	330,354,909
2019				
Total balance as at the beginning of the year	229,174,895	118,366,617	23,913,845	371,455,357
New balances during the year	107,803,245	64,269,417	3,378,723	175,451,385
Repaid/ derecognized balances	(116,234,090)	(73,759,668)	(1,528,063)	(191,521,821)
Transferred to Stage 1	8,927,721	(6,399,385)	(2,528,336)	-
Transferred to stage 2	(13,306,705)	15,538,139	(2,231,434)	-
Transferred to stage 3	(2,323,599)	(6,860,834)	9,184,433	-
Changes resulting from adjustments	(44,958,183)	20,881,912	8,553,299	(15,522,972)
Written off	-	-	(4,221,966)	(4,221,966)
Amendments resulting from changes in currency exchange	-	-	-	-
Total Balance as at the end of the year	169,083,284	132,036,198	34,520,501	335,639,983

Movement of the provision for expected credit loss:

2020	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
Balance at beginning of the year	1,310,469	1,456,990	13,778,424	16,545,883
Impairment loss on new balances during the year	125,094	3,072,394	13,446,314	16,643,802
Recoveries from impairment loss on (repaid/ derecognised) balances	(1,003,205)	(507,657)	(651,456)	(2,162,318)
Transferred to Stage 1	229,790	(229,790)	-	-
Transferred to stage 2	(4,143)	4,143	-	-
Transferred to stage 3	(73)	(236,728)	236,801	-
Effect on the provision -as at the end of the year- from the classification change among the three stages during the year	(251,605)	(2,373,520)	2,625,125	-
Changes resulting from adjustments	(102,500)	(33,372)	(390,961)	(526,833)
Written off facilities	-	-	(10,601,117)	(10,601,117)
Amendments resulting from changes in currency exchange	-	-	-	-
Total Balance as at the end of the year	303,827	1,152,460	18,443,130	19,899,417

2019	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
Balance at beginning of the year	186,374	1,382,234	14,068,926	15,637,534
Impairment loss on new balances during the year	245,336	2,093,985	298,355	2,637,676
Recoveries from impairment loss on (repaid/ derecognised) balances	(202,973)	(715,359)	46,238	(872,094)
Transferred to Stage 1	29,377	(29,377)	-	-
Transferred to stage 2	(7,082)	62,908	(55,826)	-
Transferred to stage 3	(1,113)	(33,028)	34,141	-
Effect on the provision -as at the end of the year- from the classification change among the three stages during the year	(38,651)	(1,309,457)	1,348,108	-
Changes resulting from adjustments	1,099,201	5,084	(215,307)	888,978
Written off facilities	-	-	(1,746,211)	(1,746,211)
Amendments resulting from changes in currency exchange	-	-	-	-
Total Balance as at the end of the year	1,310,469	1,456,990	13,778,424	16,545,883

F-4 Impairment loss of credit facilities granted to SMEs companies:

Distribution of total facilities according to the Bank's internal credit classification categories:

	Stage 1		Stage 2				
	Individual	Collective	Individual	Collective	Stage 3	Total 2020	Total 2019
	JD	JD	JD	JD	JD	JD	
(1 - 5)	13,823,146	-	1,058,933	-	848,266	15,730,345	3,123,935
(6- 7)	2,735,196	-	1,487,254	-	-	4,222,450	2,003,045
(8-10)	-	-	-	-	1,205,973	1,205,973	535,495
Unclassified	-	17,359,317	-	4,909,826	8,244,999	30,514,142	45,878,843
Total	16,558,342	17,359,317	2,546,187	4,909,826	10,299,238	51,672,910	51,541,318

Movement of facilities:

	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
2020	JD	JD	JD	JD	JD	JD
Total balance as at the beginning of the year	4,193,824	32,295,559	712,504	5,625,820	8,713,611	51,541,318
New balances during the year	1,282,098	5,436,884		1,202,404	1,159,867	9,081,253
Repaid/ derecognized balances	(113,101)	(2,162,178)	(27,797)	(997,048)	(1,062,527)	(4,362,651)
Transferred to Stage 1	-	165,753	-	(80,966)	(84,787)	-
Transferred to stage 2	-	(1,313)	-	220,518	(219,205)	-
Transferred to stage 3	-	(29,305)	-	(317,575)	346,880	-
Changes resulting from adjustments	11,195,521	(18,346,083)	1,861,480	(743,327)	1,529,864	(4,502,545)
Written off facilities	-	-	-	-	(84,465)	(84,465)
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	16,558,342	17,359,317	2,546,187	4,909,826	10,299,238	51,672,910
2019						
Total balance as at the beginning of the year	-	37,624,998	-	6,899,506	10,358,522	54,883,026
New balances during the year	847,639	6,238,997	-	1,945,642	721,996	9,754,274
Repaid/ derecognized balances	-	(16,372,540)	-	(1,573,269)	(2,496,441)	(20,442,250)
Transferred to Stage 1	558,948	513,057	-	(863,431)	(208,574)	-
Transferred to stage 2	-	(3,182,716)		3,310,365	(127,649)	-
Transferred to sta	-	(1,484,932)	-	(1,520,598)	3,005,530	-
Changes resulting from adjustments	2,787,237	8,958,695	712,504	(2,572,395)	(709,566)	9,176,475
Written off facilities	-	-	-	-	(1,830,207)	(1,830,207)
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	4,193,824	32,295,559	712,504	5,625,820	8,713,611	51,541,318

Movement of the provision for expected credit loss:

2020	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Balance at beginning of the year	508,702	265,955	9,454	269,771	4,571,507	5,625,389
Impairment loss on new balances during the year	20,859	67,440	1,501	255,266	2,034,127	2,379,193
Recoveries from impairment loss on (repaid/ derecognised) balances	(499,590)	(102,313)	-	(79,358)	(920,364)	(1,601,625)
Transferred to Stage 1	-	17,472	-	(7,098)	(10,374)	-
Transferred to stage 2	-	(4,706)	-	15,833	(11,127)	-
Transferred to stage 3	-	(1,543)	-	(20,100)	21,643	-
Effect on the provision -as at the end of the year- from the classification change among the three stages during the year	2,320	(29,018)	-	(155,672)	182,370	-
Changes resulting from adjustments	4,894	(44,997)	11,389	5,606	927,650	904,542
Written off	-	-	-	-	(35,096)	(35,096)
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	37,185	168,290	22,344	284,248	6,760,336	7,272,403

2019	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Balance at beginning of the year	-	638,430	-	362,621	5,273,355	6,274,406
Impairment loss on new balances during the year	892	1,360,782	-	598,351	686,271	2,646,296
Recoveries from impairment loss on (repaid/ derecognised) balances	-	(226,193)	-	(206,849)	(1,208,732)	(1,641,774)
Transferred to Stage 1	16,021	157,444	-	(35,852)	(137,613)	-
Transferred to stage 2	-	(120,285)	-	150,250	(29,965)	-
Transferred to stage 3	-	(38,570)	-	(159,531)	198,101	-
Effect on the provision -as at the end of the year- from the classification change among the three stages during the year	(12,167)	(661,488)	9,454	(391,682)	1,055,883	-
Changes resulting from adjustments	503,956	(844,165)	-	(47,537)	(304,694)	(692,440)
Written off	-	-	-	-	(961,099)	(961,099)
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	508,702	265,955	9,454	269,771	4,571,507	5,625,389

F-5 Impairment loss of credit facilities granted to government and public sector:

Distribution of total facilities according to the Bank's internal credit classification categories:

	Stage 1		Stage 2				
	Individual	Collective	Individual	Collective	Stage 3	Total 2020	Total 2019
2020	JD	JD	JD	JD	JD	JD	
(1 - 5)	38,585,290	-	-	-	-	38,585,290	9,523,982
(6- 7)	-	-	-	-	-	-	-
(8-10)	-	-	-	-	-	-	-
Unclassified	-	-	-	-	-	-	-
Total	38,585,290	-	-	-	-	38,585,290	9,523,982

Movement of facilities:

	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
2020	JD	JD	JD	JD	JD	JD
Total balance as at the beginning of the year	9,523,982	-	-	-	-	9,523,982
New balances during the year	29,073,298	-	-	-	-	29,073,298
Repaid/ derecognized balances	(11,990)	-	-	-	-	(11,990)
Transferred to Stage 1	-	-	-	-	-	-
Transferred to stage 2	-	-	-	-	-	-
Transferred to stage 3	-	-	-	-	-	-
Changes resulting from adjustments	-	-	-	-	-	-
Written off facilities	-	-	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	38,585,290					38,585,290
2019						
Total balance as at the beginning of the year	7,537,109	6,880	-	-	-	7,543,989
New balances during the year	1,974,881	5,112	-	-	-	1,979,993
Repaid/ derecognized balances	-	-	-	-	-	
Transferred to Stage 1		-	-	-	-	-
Transferred to stage 2	-	-		-	-	-
Transferred to sta	-	-	-	-	-	-
Changes resulting from adjustments	11,992	(11,992)	-	-	-	-
Written off facilities	-	-	-	-		
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	9,523,982					9,523,982

* The Bank has not calculated and recorded the provision for expected credit losses on government bills and treasury bonds, in accordance with the Central Bank of Jordan's instructions regarding the implementation of IFRS (9).

Direct credit facilities are distributed according to the economic sector as follows, As all of these facilities are granted to entities within the Kingdom:

	31 December 2020	31 December 2019
	JD	JD
Financial	16,404,745	21,788,418
Manufacturing and mining	95,921,914	90,030,780
Commercial	123,441,064	128,075,764
Real-estate	144,474,197	145,512,283
Constructions	50,789,060	50,426,505
Agricultural	289,107	261,092
Tourism, restaurants, and public	99,340,473	100,205,281
Shares	7,623,992	9,559,254
Government and public sector	38,585,290	9,523,982
Individuals	207,916,347	164,608,993
Other	-	100,710
Total	784,786,189	720,093,062

(11) Property and equipment- net

The details of this item are as follows:

	Lands	Buildings	Equipment, devices, furniture and decoration	Transport	Computers	Total
2020	JD	JD	JD	JD	JD	JD
Cost:						
Balance at the beginning of the year	10,349,066	16,002,332	16,887,599	586,322	2,958,443	46,783,762
Additions	-	-	304,540	-	562,951	867,491
Disposals	-	-	(4,252)	-	(4,246)	(8,498)
Transfers from payment for purchase of property and equipment, and projects in progress	-	-	372,398	-	99,998	472,396
Balance at the end of the year	10,349,066	16,002,332	17,560,285	586,322	3,617,146	48,115,151
Accumulated depreciation:						
Balance at the beginning of the year	-	2,816,603	12,044,783	315,826	2,553,117	17,730,329
Additions	-	367,225	966,104	68,982	205,184	1,607,495
Disposals	-	-	(3,253)	-	(4,238)	(7,491)
Balance at the end of the year	-	3,183,828	13,007,634	384,808	2,754,063	19,330,333
Net book value of property and equipment at the end of the year	10,349,066	12,818,504	4,552,651	201,514	863,083	28,784,818
Payment for purchase of property and equipment, and projects under construction	-	-	245,323	-	-	245,323
Net property and equipment	10,349,066	12,818,504	4,797,974	201,514	863,083	29,030,141

2019	Lands*	Buildings*	Equipment, devices, furniture and decoration	Transport	Computers	Total
	JD	JD	JD	JD	JD	JD
Cost:						
Balance at the beginning of the year	10,349,066	15,989,773	15,675,528	510,884	2,735,884	45,261,135
Additions	-	12,559	707,999	130,486	222,559	1,073,603
Disposals	-	-	(60,159)	(55,048)	-	(115,207)
Transfers from payment for purchase of property and equipment, and projects under construction	-	-	564,231	-	-	564,231
Balance at the end of the year	10,349,066	16,002,332	16,887,599	586,322	2,958,443	46,783,762
Accumulated depreciation:						
Balance at the beginning of the year	-	2,375,522	11,084,916	289,689	2,329,110	16,079,237
Additions	-	441,081	1,002,780	68,672	224,007	1,736,540
Disposals	-	-	(42,913)	(42,535)	-	(85,448)
Balance at the end of the year	-	2,816,603	12,044,783	315,826	2,553,117	17,730,329
Net book value of property and equipment at the end of the year	10,349,066	13,185,729	4,842,816	270,496	405,326	29,053,433
Payment for purchase of property and equipment, and projects under construction	-	-	372,398	-	99,998	472,396
Net property and equipment	10,349,066	13,185,729	5,215,214	270,496	505,324	29,525,829

- Property and equipment include an amount of JD 12,736,830 as at 31 December 2020, which is the value of fully depreciated assets, compared to an amount of JD 11,087,614 as at 31 December 2019.

* This item includes mortgaged lands and buildings at a value of JD 7,272,207 as at 31 December 2020 and 31 December 2019 for the benefit of the Specialized Finance Leasing Company in exchange for a finance lease granted to Al Istethmari Latemweel Selselat Al Imdad Company (a subsidiary) in the amount of JD 3,226,201 as at 31 December 2020 against JD 3,704,320 as at 31 December 2019.

(12) Intangible assets

The details of this item are as follows:

2020	Advance payment for the purchase of systems	Software and programmes	Goodwill**	Total
	JD	JD	JD	JD
Balance at the beginning of th	221,744	963,278	1,430,598	2,615,620
Additions*	219,345	321,063	-	540,408
Less:				
Disposals	-	-	-	-
Amortisation for the year	-	389,935	-	389,935
Transfers	(66,753)	66,753	-	-
Balance at the end of the year	374,336	961,159	1,430,598	2,766,093

2019	Advance payment for the purchase of systems	Software and programmes	Goodwill**	Total
	JD	JD	JD	JD
Balance at the beginning of the year	269,812	930,440	1,430,598	2,630,850
Additions*	156,827	303,949	-	460,776
Less:				
Disposals	-	-	-	-
Amortisation for the year	-	476,006	-	476,006
Transfers	(204,895)	204,895	-	-
Balance at the end of the year	221,744	963,278	1,430,598	2,615,620

* Additions to computer systems and software represent the amounts paid for the purchase and development of banking systems and programmes.

** Resulting from the Bank acquiring 94.7% of Jordan Trade Facilities Company (Public shareholding company) (which owns 100% of Trade Facilities Company for Finance Leasing) via the subsidiary (Tamkeen for Finance Leasing) during 2016 through the purchase of 15,390,385 shares with a nominal value of JD one per share. The investment cost amounted to JD 20,774,620 and the fair value of the net assets acquired upon acquisition amounted to JD 19,344,022 resulting in a goodwill of JD 1,430,598.

The goodwill was tested for impairment as at 31 December 2019, and the result was that there was no impairment of goodwill.

(13) Other assets

The details of this item are as follows:

	31 December 2020	31 December 2019
	JD	JD
Interest and income under collection	2,926,584	2,906,211
Prepaid expenses	1,395,078	1,003,090
Assets seized by the bank in settlement of debts	43,405,673	44,475,460
Refundable deposits	955,059	606,623
Clearing cheques	54,018	82,198
Balances attributable to non-statutory oper	1,039,200	1,039,200
Purchased acceptances	9,195,924	920,889
Other	5,698,887	5,560,189
Total	64,670,423	56,593,860

* According to the bank’s law the disposal of assets sized by the bank during a maximum period of two years from the date of foreclosure and the Central Bank of Jordan can extend that period for a maximum of another two consecutive years. The balance is presented net after deduction of any imparment.

Below is the movement of assets transferred to the Bank in settlement of outstanding debts:

	31 December 2020	31 December 2019
	JD	JD
Balance at the beginning of the year	44,475,460	41,617,299
Additions	1,985,078	4,261,558
Disposals	(2,813,677)	(1,569,616)
Utilised from the provision for impairment of assets seized by the Bank	-	3,550
Recoveries from the provision of properties in accordance with the instructions of the Central Bank of Jordan	(241,188)	162,669
Balance at end of the year	43,405,673	44,475,460

** **This item represents the net balance attributable to non-statutory operations, less the provision prepared for as follows:**

	31 December 2020	31 December 2019
	JD	JD
Balance attributable to non-statutory operations	12,974,700	12,974,700
Less: Provision made for this balance	10,435,500	10,435,500
Less: Proceeds from insurance company	1,500,000	1,500,000
Balance at the end of the year	1,039,200	1,039,200

The bank was imposed to embezzlement transaction in the balances at banks financial institutions account which led to a loss of approximately JD 12.9 million, this primarily relates to the possibility of collusion between some of the bank's employees. All the necessary legal procedures were taken by the bank's management and a provision for an amount of JD 10.4 million was booked for the transaction as of 31 December 2020 and 31 December 2019 after netting the amounts expected to be recovered from the repossessed assets and the deduction of the proceeds collected from the insurance company amounted to JD 1.5 million. Noting that the case procedures had been completed from the General Attorney, and is now represented in front of Amman's Criminal Court.

(14) Operatng lease contracts

A- Right of use assets:

	31 December 2020	31 December 2019
	JD	JD
Balance at the beginning of the year	6,021,892	6,986,238
Add:		
Right of use assets during the year	341,801	-
Deduct:		
Depreciation of right of use	(959,236)	(964,346)
Impact of cancelling lease contracts	(302,306)	-
Balance at end of the year	5,102,151	6,021,892

B. Lease liabilities	31 December 2020	31 December 2019
	JD	JD
Balance at the beginning of the year	4,319,832	5,158,473
Add:		
Lease liabilities during the year	341,801	-
Interest expense during the year	213,860	258,772
Deduct:		
paid liabilities during the year	(969,347)	(1,097,413)
Offset operating lease contracts impact	(294,294)	-
Balance at end of the year	3,611,852	4,319,832
of which is:		
Lease liabilities due within less than a year	666,563	688,432
Lease liabilities due within more than a year	2,945,289	3,631,400
Total	3,611,852	4,319,832

(15) Deposits from banks and financial institutions

The details of this item are as follows:

	31 December 2020			31 December 2019		
	Inside the Kingdom	Outside the Kingdom	Total	Inside the Kingdom	Outside the Kingdom	Total
	JD	JD	JD	JD	JD	JD
Current and on demand accounts	29,671	4,733,024	4,762,695	29,671	1,967,491	1,997,162
Term and notice deposits*	27,240	25,700,000	25,727,240	26,402	10,900,000	10,926,402
Total	56,911	30,433,024	30,489,935	56,073	12,867,491	12,923,564

* There are no amounts matured during a period of more than 3 months as at 31 December 2020 and 31 December 2019.

(16) Customers' deposits

The details of this item are as follows:

	Individuals	Large corporate	SMEs	Government and public sector	Total
	JD	JD	JD	JD	JD
31 December 2020					
Current and on demand accounts	83,962,411	69,425,737	12,895,002	2,575,666	168,858,816
Saving deposits	37,478,827	2,195,567	22,212	-	39,696,606
Term and notice depos	344,104,553	165,115,861	11,061,466	37,977,321	558,259,201
Total	465,545,791	236,737,165	23,978,680	40,552,987	766,814,623
31 December 2019					
Current and on demand accounts	77,800,563	53,439,796	11,029,929	5,508,888	147,779,176
Saving deposits	32,819,012	1,635,925	3,626	-	34,458,563
Term and notice depos	353,491,777	179,128,612	12,584,825	37,331,914	582,537,128
Total	464,111,352	234,204,333	23,618,380	42,840,802	764,774,867

- The value of government and public sector deposits amounted to JD 40,552,987, i.e. 5.3% of total deposits as at 31 December 2020 as opposed JD 42,840,802, i.e. 5.6% as at 31 December 2019.
- The value of non-interest bearing deposits amounted to JD 195,580,960, i.e. 25.5% of total deposits as at 31 December 2020 as opposed JD 170,719,973, i.e. 22.3% as at 31 December 2019.
- The value of deposits held (restricted) amounted to JD 14,524,299 as at 31 December 2020, i.e. 1.9%, compared to JD 8,205,571, i.e. 1.1%, as at 31 December 2019.
- The value of frozen deposits amounted to JD 10,185,370 as at 31 December 2020 compared to JD 5,747,183 as at 31 December 2019.

(17) Cash margins

The details of this item are as follows:

	31 December 2020	31 December 2019
	JD	JD
Cash margins against direct facilities	15,538,183	19,784,011
Cash margins against indirect facilities	20,106,856	18,165,913
Other collaterals	5,750	5,750
Total	35,650,789	37,955,674

(18) Borrowed funds complete

The details of this item are as follow

	Amount	Number of installments		Frequency of instalments maturity	Guarantees	Interest rate of borrowings
		Aggregate	Remaining			
31 December 2020	JD	JD	JD	JD	JD	JD
Borrowing from the Central Bank of Jordan	11,324,963	1,470	1,416	Monthly	Promissory notes	Zero to 1.0%
Borrowing from local banks/ institutions	143,702,844	521	351	Monthly, quarterly, semi-annual and at maturity	Case deposits/ mortgage bonds/ equipment and property mortgage/ promissory notes	4.5% to 6.5%
Borrowing from foreign institutions	11,769,400	21	18	Semi-annual and at maturity	* -	1.86% to 5%
Total	166,797,207					
31 December 2019						
Borrowing from the Central Bank of Jordan	3,131,934	150	110	Monthly	Promissory notes	1% to 1.75%
Borrowing from local banks/ institutions	116,621,798	435	260	Monthly, quarterly, semi-annual and at maturity	Case deposits/ mortgage bonds/ equipment and property mortgage/ promissory notes	5 % to 7.5%
Borrowing from foreign institutions	10,422,300	20	18	emi-annual and at maturi	- *	3.52 % to 7.2%
Total	130,176,032					

- The 11,324,963 JD borrowed from the Central Bank of Jordan represents borrowed amounts to refinance client loans under medium-term financing programs and the Central Bank of Jordan's SME Support Program to counter for the Corona crisis, which has been re-lent at an interest rate of about 3.29%.

- As of December 31, 2020, 42 clients were eligible for the CBJ's Program to support Small and Medium-Sized Companies (SME) as of December 31, 2020, where loans are due within 42 months of the date of the grants, including the grace period according to the program requirements.

- The funds borrowed include borrowing amounts from local banks of JD 108,202,844, including Overdraft accounts and revolving loans granted to subsidiaries (Al Istithmari Ltmweel selsalet Imdad, Tamkeen for finance Leasing Company, Jordan Commercial Facilities Company and Bindar for Trade and Investment Company).

- The funds borrowed from local institutions represent 35,500,000 JD borrowed from local institutions as at December 31, 2020 and December 31, 2019, and housing loans have been refinanced at an interest rate of about 6.25% as at December 31, 2020, compared to 7.9% as at December 31, 2019.

- Funds borrowed from external institutions are borrowed from the "Sanad" Fund to finance small and micro enterprises worth USD 16.6 million, equivalent to 11,769,400 JD for the bank and the subsidiary company (Jordan Commercial Facilities Company) as in 3 December 1, 2020 for USD 14.7 million, equivalent to 10,422,300 JD for the Bank and its subsidiaries (Al-Istithmari letmweel selslat Imdad and Jordan Commercial Facilities Company) as of December 31, 2019.

- Fixed interest loans and variable interest loans amounted to 68,229,699, which is equivelent to 98,567,508 JD respectively as at December 31, 2020, against fixed interest loans of 69,968,836 dinars and variable interest loans of JD 60,207,196 as at December 31, 2019.

- Part of the installment bonds and financial leases at The Jordan Commercial Facilities Company of JD 1,253,302 as at December 31, 2020 (cheques and bills) are deposited as collateral against the company's loan balances and credit banks for JD 11,493,283 as at December 31, 2019 for Jordan Commercial Facilities and Bindar for Trade and Investment Company.

* There is a letter of comfort issued by the bank.

(19) Bonds

This item represents bonds issued by subsidiaries as follows:

Subsidiary	Value of bonds	Interest rate	Gross instalments	Remaining instalments	Frequency of instalments maturity	Guarantees	Issue date	Maturity date
	JD	JD						
31 December 2020								
Tamkeen Leasing Co	5,000,000	5%	1	1	One payment at the date of maturity	N/A	20 August 2020	18 September 2021
Tamkeen Leasing Co	1,300,000	5%	1	1	One payment at the date of maturity	N/A	3 July 2020	27 June 2021
Jordan Trade Facilities Company	3,000,000	5.85%	1	1	One payment at the date of maturity	N/A	16 June 2020	10 June 2021
Bindar Trade and Investment Company	2,110,000	5%	1	1	One payment at the date of maturity	N/A	2 November 2020	2 December 2021
Total	11,410,000							
31 December 2019								
Al Istethmari Latemweel Selselat Al Imdad Company	3,000,000	7.25%	1	1	One payment at the date of maturity	Promissory notes	10 May 2019	3 May 2020
Tamkeen Leasing Co	3,000,000	7.25%	1	1	One payment at the date of maturity	A letter of comfort	1 July 2019	25 June 2020
Jordan Trade Facilities Company	3,000,000	7%	1	1	One payment at the date of maturity	Promissory notes	5 April 2019	29 March 2020
Bindar Trade and Investment Company	1,200,000	10.92%*	3	1	30% in the third and fourth year and 40% in the fifth year	Promissory notes	10 March 2015	10 March 2020
Bindar Trade and Investment Company	4,650,000	7%	1	1	One payment at the date of maturity	N/A	28 June 2019	21 June 2020
Total	14,850,000							

* The bond was issued on 10 March 2015 at an interest rate of 8.9% annually for the first two years and variable every six months for the remainder of the period according to the average interest rate of lending for the best customers at the reference banks plus a 1% risk margin.

(20) Sundary provisions

The details of this item are as follows:

	Balance at beginning of the year	Formed during the year	Utilised during the year	Reversed to revenues	Balance at end of the year
	JD	JD	JD	JD	JD
31 December 2020					
Provision for end of service benefits	22,747	-	21,187	1,560	-
Provision for legal cases filed against the Bank and its subsidiaries (note 49)	928,681	430,404	726,724	-	632,361
Other	71,104	73,000	5,954	4,845	133,305
Total	1,022,532	503,404	753,865	6,405	765,666
31 December 2019					
Provision for end of service benefits	18,607	4,140	-	-	22,747
Provision for cases filed against the Bank and its subsidiaries (note 49)	81,455	863,307	15,645	436	928,681
Other	37,548	56,154	22,598	-	71,104
Total	137,610	923,601	38,243	436	1,022,532

(21) Income tax

A) Provision for income tax

The movement in the income tax provision is as follows:

	31 December 2020	31 December 2019
	JD	JD
Balance at beginning of the year	5,814,560	4,679,715
Total income tax paid	(7,131,764)	(5,883,160)
(Recoveries from) income of prior years	34,534	(113,820)
Income tax for the year	7,471,954	7,131,825
Balance at end of the year	6,189,284	5,814,560

Income tax has been calculated in accordance with the applicable regulations, laws and IFRSs.

Income tax presented in the consolidated statement of Profit or loss are as follows:

	2020	2019
	JD	JD
Income tax payable for current year's prc	7,471,954	7,131,825
(Recoveries from) income of prior years	34,534	(46,810)
Deferred tax assets for the year	(7,746,869)	(3,292,164)
Amortisation of deferred tax assets for the year	2,101,448	3,129,171
(Amortisation of deferred tax liabilities)	-	(111,503)
	1,861,067	6,810,519

- The statutory income tax rate in Jordan is 38% for the Bank (the parent company) and 28% for subsidiaries

The Bank's tax status:

- The financial Period is charged with its own income tax expense in accordance with the laws and regulations, IFRSs, and a necessary tax provision is calculated and recognised accordingly.
- The bank has submitted the tax return for the year 2018 on the legally specified date and in compliance with regulations which the Income Tax and sales department has not audited until date.
- The bank has submitted the tax return for the year 2019 on time and in compliance with regulations.
- In the opinion of the management and the tax advisor, the provision for income tax expense is sufficient to meet tax liabilities Up to 31 December 2020.

Tax status of Al-Mawarid Financial Brokerage Company (a subsidiary):

- A final clearance was made with the Income and Sales Tax Department for the period from incorporation on 5 June 2006 until the end of 2019.
- The bank has submitted the tax return for the year 2019 on the legally specified date and in compliance with regulations.
- The company's management and tax adviser believe that the company will not have any liabilities above the provision made until 31 December 2020.

Tax Status of Tamkeen Leasing Company (a subsidiary):

- The company did not submit the self-assessment statement for the period from its inception on 31 October 2006 until 31 December 2009, as it had not exercised its activities within these years.
- A final deduction was made with the Income and Sales Tax Department in respect of the income tax for the years from 2010 to 2017.
- The company submitted the tax return for the year 2018 on the legally specified date, and the statement was accepted without modification within the samples system.
- The company submitted the tax return for the year 2019 on the legally specified date.
- The company submitted the sales tax returns on the legally specified date, and the Income and Sales Tax Department audited the general sales tax returns until 31 December 2017, and subsequent returns were submitted on the date specified by law and the related tax due was paid up to the date of preparing these financial statements.
- The company's management and tax adviser believe that the company will not have any liabilities above the provision made until 31 December 2020.

Tax status of Al Istethmari Letmaweel Selselat Al-Imdad (a subsidiary):

- A final clearance was conducted with the Income and Sales Tax Department until the end of 2010.
- The company submitted annual income tax returns for the years from 2011 to 2014 within the legal period and paid all the obligations declared within the legal period and they were all accepted by the Income and Sales Tax Department as is without any modifications.
- A final clearance was made with the Income and Sales Tax Department for the fiscal years until the end of 2018, when the tax return for 2018 was accepted within the sampling system.
- The company submitted the tax return for the year 2019 within the legal period.
- The company submitted sales tax returns within the legal period and has no tax obligation to date.
- Sales tax returns were accepted without modification until the end of 2017, and subsequent tax returns were filed on the legally specified date and the related tax due was paid up to the date these financial statements were prepared.
- In the opinion of the company's management and tax adviser, the company will not have any tax liabilities above the provision made until 31 December 2020.

Tax Status of Jordan Trade Facilities Company (a subsidiary):

- A final clearance was conducted with the Income and Sales Tax Department until the end of 2014.

- The tax returns have been audited and were adjusted upon agreement for the year 2015 and 2016

- The company filed the self-assessment return for the years 2017 and 2018 and were accepted by the Income and Sales Department under the samples system without modification.

- The company submitted the tax return for the year 2019 within the legal period.

- The subsidiary (Trade Facilities for Finance Leasing) provided the self-assessment statements until the end of 2018 and were accepted by the Income and Sales Tax Department under the samples system without modification.

- The subsidiary (Trade Facilities for Finance Leasing) submitted the tax return for 2019 as due and on the legally specified date.

- The subsidiary (Trade Facilities Company for Finance Leasing) has submitted the general sales tax returns on time. The Income and Sales Tax Department has inspected the submitted returns until 2013,With the submistted tax returns for the tax periods 2014, 2015, and 9+10 for the year 2016 being accepted.

- In the opinion of company and tax advisor, Jordan Trade Facilities Company and its subsidiaries will not have any tax liabilities above the provision made until 31 December 2020.

Tax status of Bindar Trade and Investment Company (a subsidiary):

- A final clearance was conducted with the Income and Sales Tax Department until the end of 2018.

- The company submitted the tax return for the year 2019 on the legally specified date, and the accrued tax

- General sales tax returns were audited until the end of 2017, and subsequent tax returns were filed on the legally specified date and the related tax due was paid up to the date these consolidated financial statements were prepared.

- The subsidiary (Bindar Financial Leasing Company) made a final clearance with the Income and Sales Tax Department until the end of 2016, and the tax return for 2017 was submitted on the legally specified date and the company has no tax obligations until the date of preparing these consolidated financial statements.

- (Bindar Financial Leasing Company) registered in the sales tax as of 1 January 2017 and the tax returns were submitted and the due tax was paid up to the date of preparing these consolidated financial statements.

- The subsidiary (Ruboua Al Sharq Real Estate Company) completed a final clearance with the Income and Sales Tax Department of the company until the end of 2018 and the due tax was paid on the legally specified date.

- The subsidiary (Ruboua Al Sharq Real Estate Company) submitted the tax return for the year 2019 within the legal period.

- The subsidiary (Rakeen Real Estate Company) completed a final clearance with the Income and Sales Tax Department of the company until the end of 2018 and the due tax was paid on the legally specified date.

- The subsidiary (Rakeen Real Estate Company) submitted the tax return for the year 2019 within the legal period.

- In the opinion of the company and tax advisor, Bindar Trade and Investment Company and its subsidiaries will not have any tax liabilities above the provision made until 31 December 2020.

Tax status of Jordan Takhseem company (a subsidiary):

- The company had submitted the tax return for the years 2012-2018, and the tax returns were accepted within the sampling system.

- The company submitted the tax return for the year 2019 within the legal period.

- (Jordanian Factoring Company) registered in the sales tax as of the 7th of July 2020 and the tax returns were submitted and the due tax was paid up to the date of preparing these consolidated financial statements.

- In the opinion of the company and tax advisor, Jordan Takhseem Company will not have any tax liabilities above the provision made until 31 December 2020.

B) Deferred Tax assets/ liabilities

The details of this item are as follows:

	31 December 2020					31 December 2019
	Balance at beginning of the year	Released amounts	Added amounts	Balance at the end of the year	Deferred tax	Deferred tax
Included accouts	JD	JD	JD	JD	JD	JD
A- Deferred tax assets						
Provision for end of service benefits	22,747	22,747	-	-	-	8,644
Provisions for cases filed aganist the Bank	631,956	663,219	390,263	359,000	136,420	240,143
Provisions prepared as per IFRS 9/ Bank	4,284,978	1,510,985	13,800,221	16,574,214	6,298,201	1,628,292
Provision for impairment of assets seized	26,110	-	-	26,110	9,922	9,922
Provision for assets seized for more than 4 years	1,288,472	-	241,188	1,529,660	581,271	489,619
Provision for balances attributable to non-statutory operations*	10,435,500	-	-	10,435,500	3,965,490	3,965,490
Impact of adopting IFRS 16:	128,164	-	54,075	182,239	69,251	48,702
Employees' bonuses unpaid	1,453,703	889,021	1,012,500	1,577,182	599,329	552,407
Net losses of foreign investments	-	-	1,783,362	1,783,362	231,837	-
Provision for impairment of financial brokerage clients	306,525	204,321	191,505	293,709	82,239	85,827
Directors' remunerations and allowances unpaid/ Mawarid Company	30,000	30,000	25,000	25,000	7,000	8,400
Provisions made as per IFRS 9/ Mawarid Company	12,111	21	1,979	14,069	3,939	3,391
Taxable income (loss)/ Mawarid	354,142	354,142	-	-	-	99,160
Provision for ECL/ Al Istithmari for Tamwel Selselt Al Imdad	983,214	44,316	299,037	1,237,935	346,622	275,300
Taxable income (loss)/ Al Istithmari for Tamwel Selselt Al Imdad	31,718	31,718	-	-	-	8,881
Provision for ECL/ Tamkeen for Finance Leasing	1,548,868	220,715	789,572	2,117,725	592,963	433,683
Taxable income (loss) at 75%/ Tamkeen for finance leasing	370,201	-	138,554	508,755	142,451	103,656
Taxable income (loss) at 75%/ Jordan Takhseem company	-	-	218,261	218,261	61,113	-
Provision for cases/ Jrodan Trade Facilities Co.	220,000	-	20,521	240,521	67,346	61,600
Provision for ECL/ Jordan Trade Facilities Company	5,311,839	937,001	1,725,834	6,100,672	1,708,188	1,487,317
Interest in suspense/ Jordan Trade Facilities Co.	1,316,762	221,925	738,679	1,833,516	513,384	368,693
Other provisions/ Jordan Trade Facilities Co.	84,427	38,641	89,888	135,674	37,988	23,639
Interests of operating lease obligations/ Jordan Trade Facilities Company	28,086	28,086	22,887	22,887	6,408	7,864
Provision for ECL/ Bindar for Trade and Investment Company	5,502,433	1,142,680	1,524,740	5,884,493	1,647,658	1,540,681
Provision for cases/ Bindar for Trade and Investment	76,725	63,503	19,618	32,840	9,195	21,483
	34,448,681	6,403,041	23,087,684	51,133,324	17,118,215	11,472,794
B- Deferred tax liabilities						
Financial assets revaluation reserve	19,592,902	6,739,972	823,798	13,676,728	5,117,743	7,337,607
	19,592,902	6,739,972	823,798	13,676,728	5,117,743	7,337,607

- Deferred tax liabilities include JD 5,117,743 as at 31 December 2020 compared to JD 7,337,607 as at 31 December 2019 representing tax liabilities against profits of valuation of financial assets at fair value through other comprehensive income that appear in theFinancial assets revaluation reserve - net of equity.

* This item represents the deferred tax benefits expected from making a provision against balances due to non-statutory operations (Note 13) and the management believes that these amounts can be used in the near future.

The movement of the account of tax assets/ liabilities is as follows:

	31 December 2020		31 December 2019	
	Assets	**Liabilities**	**Assets**	**Liabilities**
	JD	JD	JD	JD
Balance at beginning of the year	11,472,794	7,337,607	11,309,801	8,463,508
Added	7,746,869	180,110	3,292,164	501,899
Excluded	2,101,448	2,399,974	3,129,171	1,627,800
Balance at end of the year	17,118,215	5,117,743	11,472,794	7,337,607

C) <u>Summery of reconsolidation of accounting and taxable income:</u>

	2020	2019
	JD	JD
Accounting profit	7,864,336	22,910,535
Non-taxable profits	(4,233,750)	(5,147,487)
Acceptable tax expenses for prior years	(4,369,290)	(6,306,750)
Non-acceptable expenses in terms of ta	21,764,465	7,155,287
Tax profit	21,025,761	18,611,585
Percentage of the Bank's statutory inco	38%	38%
Percentage of statutory income tax for the subsidiaries *	28%	28%

* Excluding some items that are subject to different tax rates in accordance with the applicable tax income law.

(22) Other liabilities

The details of this item are as follows:

	31 December 2020	31 December 2019
	JD	JD
Certified and acceptable checks	1,473,319	1,034,918
Accrued Interest payable	4,855,130	6,757,655
Sundary creditors	2,312,509	2,476,708
Payables of financial brokerage clients	715,946	756,650
Unpaid dividend distribution	166,357	222,103
Iron safes insurance	146,700	146,220
Accrued expenses	2,063,094	1,890,429
Other liabilities	3,726,648	3,856,449
Provision for impairment of off-statement of financial position sheet items according to IFRS (9)	463,848	452,648
Total	15,923,551	17,593,780

(23) Share capital

Authorised and paid-in capital amounted to JD 100 million distributed to 100 million shares with a par value of 1 JD for each as at 31 December 2020 and 2019.

(24) Reserves

The details of these reserves as at 31 December 2020 are as follows:

A) Statutory reserve:

Amounts accumulated in this account represent 10% of the annual profits before tax transferred in accordance with the Jordanian Companies Law. This reserve is not available for distribution to

B) Restricted reserves are as follows:

	31 December		
Reserve name	**2020**	**2019**	**Nature of restriction**
	JD	JD	
Statutory reserve	30,643,329	29,728,357	Restricted according to the Banks' Laws and Companies' Laws

(25) Financial assets revaluation reserve - net

Movement in this item is as follows:

	31 December 2020	**31 December 2019**
Balance at the beginning of the year	12,255,295	13,475,675
Unrealized shares losses	(7,346,812)	(2,709,517)
Deferred tax liabilities	2,219,864	1,014,398
Losses on of financial assets at fair value through other comprehensive income transferred to retained earnings as a result of sale	1,431,900	474,739
Balance at the end of the year*	8,560,247	12,255,295

The Revaluation reserve of Financial Assets appears after the deduction of deferred tax liabilities of JD 5,117,743 as of December 31, 2020 compared to 7,337,607 dinars as at December 31, 2019.

(26) Retained earnings

Movement on the retained earnings is summarised as follows:

	31 December 2020	31 December 2019
Balance at the beginning of the year	35,387,832	33,486,650
Profit for the year	5,758,958	15,683,801
Transferred to reserves	(914,972)	(2,465,132)
Dividend distributed	-	(11,000,000)
Losses on sale of financial assets at fair value through other comprehensive income	(1,431,900)	(474,739)
Effect of investment increase in subsidiaries	563,606	157,252
Balance at the end of the year	39,363,524	35,387,832

Retained earnings include a restricted amount of JD 17,118,215 as at 31 December 2020 according to the instructions of the Central Bank of Jordan in exchange for deferred tax assets against JD 11,472,794 as at 31 December 2019.

Retained earnings include a restricted amount of JD 1,039,200 as at 31 December 2020 and 31 December 2019, representing the remaining of the balances attributable to non-statutory operations as per the request of the Central Bank of Jordan.

Retained earnings include an amount of JD 415,199 as at 31 December 2020 and 31 December 2019, which represents the effect of early adoption of IFRS 9 and cannot be disposed of except to the extent that it is actually realised through sales, according to the JSC's instructions.

In accordance with the instructions of the Central Bank of Jordan No. (13/2018), the accumulated balance of the general banking risk reserve item amounting to JD 6,365,000 as at 31 December 2017 has been transferred to the retained earnings item for offset with the impact of IFRS 9. Surplus from the amount after offset amounting to JD 1,971,056 is restricted.

(27) Proposed dividends

The Board of Directors decided to recommend to the Shareholders' General Assembly to distribute JD 12 million of retained earnings during the year 2021 for the year 2020, equivalent to 12% of the Bank's capital. In accordance with circular 1/1/4693 issued by the Central Bank of Jordan.

(28) Non-controlling interests

The details of this item are as follows:

	31 December 2020			31 December 2019		
	% non-controlling interests	Non-controlling interest in net profit	Non-controlling interest in net assets	Ratio of non-controlling interests	Non-controlling interest in net profit	Non-controlling interest in net assets
	%	JD	JD	%	JD	JD
Tamkeen Leasing Co	2.5	(18,689)	758,337	2.5	(19,840)	777,026
Al Istethmari Latemweel Selselat Al Imdad Company	6.0	(1,287)	363,220	6	(31,098)	364,507
Jordan Trade Facilities Company	5.0	156,230	1,483,594	4.7	223,834	2,021,527
Bindar Trade and Investment Company	4.0	108,057	516,275	5.4	243,319	1,476,345
		244,311	3,121,426		416,215	4,639,405

(29) Interests income

The details of this item are as follows:

	2020	2019
	JD	JD
Direct credit facilities:		
Individuals (retail):		
Loans and bills	14,635,994	13,395,647
Overdrafts	527,606	707,613
Credit cards	3,434,112	3,008,142
Mortgage Loans	10,015,622	12,044,403
Large corporate:		
Loans and bills	19,247,850	22,794,859
Overdrafts	6,515,998	7,412,953
SMEs		
Loans and bills	4,383,322	4,911,020
Overdrafts	519,073	490,206
Government and public sector	1,775,932	657,985
Balances at the Central Bank of Jordan	869,970	1,639,426
Balances and deposits at banks and financial institutions	734,178	1,972,565
Financial assets at amortized cost	7,714,993	7,425,290
Total	70,374,650	76,460,109

(30) Interests expense

The details of this item are as follows:

	2020	2019
	JD	JD
Deposits at banks and financial institutions	366,553	193,514
Customers' deposits:		
Current and on demand accounts	117,863	659,701
Saving deposits	133,304	250,742
Term and notice deposits	23,452,860	29,440,035
Cash margins	698,186	960,108
Borrowed funds	8,534,200	7,825,032
Bonds	695,556	1,199,621
Deposits guarantees fees	1,095,591	1,071,755
Interest expense on lease liabilities	213,860	258,772
Total	35,307,973	41,859,280

(31) Net commissions income

The details of this item are as follows:

	2020	2019
	JD	JD
Commissions income:		
Direct facilities commissions	8,433,973	9,742,991
Indirect facilities commissions	1,723,834	1,357,234
Brokerage commissions	50,925	161,759
Other commissions	1,733,231	1,929,183
Total commissions income	11,941,963	13,191,167
Less: commissions expense	2,040,530	2,231,541
Net commissions income	9,901,433	10,959,626

(32) Foreign currency exchange gains

The details of this item are as follows:

	2020	2019
	JD	JD
Profits resulting from trading/ transaction	703,126	929,840
Profits resulting from valuation	15,921	27,175
Total	719,047	957,015

(33) Profits of financial assets at fair value through the statement of profit and loss

The details of this item are as follows:

	Unrealised (loss) profit	Unrealised loss	Shares dividends returns	Total
	JD	JD	JD	JD
2020				
Shares of companies	(45,281)	(3,705)	4,366	(44,620)
share options	302,529	-	-	302,529
Total	257,248	(3,705)	4,366	257,909
2019				
Shares of companies	(5,021)	(108)	8,754	3,625
Total	(5,021)	(108)	8,754	3,625

(34) Other income

The details of this item are as follows:

	2020	2019
	JD	JD
Bounded revenues	1,585,837	1,709,050
Telecommunication revenues	194,885	200,378
Gains on sale of sized assets by the Bank	304,012	79,849
Recoveries from bad debts	135,871	1,012,881
Other	241,694	516,257
Total	2,462,299	3,518,415

(35) Employees' expenses

The details of this item are as follows:

	2020	2019
	JD	JD
Employees’ salaries, benefits and bonuses	12,889,706	13,391,318
Bank's and subsidiaries’ contribution in the social security	1,277,226	1,310,675
Medical expenses and insurance	892,748	898,975
Traveling and transportation	68,604	69,353
Employees' training expenses	36,241	71,479
Employees’ life insurance expenses	32,349	28,034
Traviel per diem	830	8,630
Total	15,197,704	15,778,464

(36) Other expenses

The details of this item are as follows:

	2020	2019
	JD	JD
Stationary and printing	152,460	190,073
Advertisement	576,187	752,595
Subscription and fees	815,049	789,676
Telecommunication and post expenses	778,376	864,962
Maintenance and repairs of buildings and equipment	390,271	397,925
Maintenance of systems and software license	952,365	1,050,751
Rewards fees on credit cards and accounts	995,739	1,124,911
Insurance expenses	511,445	388,635
Judicial charges and fees	124,686	135,847
Electricity, water and fuel	151,742	276,950
Professional and consultation fees	516,969	619,111
Donations	59,170	196,250
Credit card expenses	60,455	64,106
Board of Directors transportation fees and bonuses	453,320	424,411
Safety and security expenses	192,357	200,063
Cleaning expenses	186,373	181,753
Other expenses	1,117,909	1,298,673
Total	8,034,873	8,956,692

(37) Provision (Recoveries) from expected credit losses of financial assets and off the statement of financial position items in accordance with IFRS 9

The details of this item are as follows:

	2020	2019
	JD	JD
Deposits at banks and financial institutions	(83,767)	36,862
(Provision) Recoveries from Provision for expected credit losses on financial assets in amortized cost	567,100	(124,779)
Provision for expected credit losses on other assets	4,668	-
Recoveries from Provision from off balance sheet items	11,200	(191,305)
Total	499,201	(279,222)

(38) Earning per share from the net profit for the year attributable to the shareholders of the Bank

The details of this item are as follows:

	2020	2019
	JD	JD
Net profit of the year attributable to the Bank's shareholders	5,758,958	15,683,801
Weighted average of the number of shares	100,000,000	100,000,000
Basic and diluted earnings per share from net profit for the year	0.058	0.157

The basic earnings per share from the net profit for the year attributable to the shareholders of the Bank equals the diluted earnings as the Bank not issue any financial instruments that have an impact on the basic

(39) Cash and cash equivalents

The details of this item are as follows:

	31 December 2020	31 December 2019
	JD	JD
Cash and balances at the Central Bank of Jordan with maturity within three months	90,377,554	120,759,451
Add: Balances at banks and financial institutions with maturity within three months	70,942,494	57,829,489
Less: Deposits at banks and financial institutions with maturity within three months	30,489,935	12,923,564
	130,830,113	165,665,376

(40) Related parties

The consolidated financial statements include the financial statements of the Bank and its following sub:

Name of the company	Shareholding percentage	Company's share capital 31 December 2020	Company's share capital 31 December 2019
	%	JD	JD
Al-Mwared for Financial Brokerage	100٪	3,000,000	5,000,000
Tamkeen Leasing Co	97.5٪	20,000,000	20,000,000
Al Istethmari Latemweel Selselat Al Imdad Company	94٪	3,000,000	3,000,000
Jordanian Factoring Company	100٪	1,500,000	30,000
Jordan Trade Facilities Company	95٪	16,500,000	16,500,000
Trade Facilities for Finance Leasing Co.	95٪	2,000,000	2,000,000
Bindar Trade and Investment Company	96٪	20,000,000	20,000,000
Ruboua Al Sharq Real Estate Company	96٪	50,000	50,000
Rakeen Real Estate Company	96٪	30,000	30,000
Bindar Financial Leasing Compa	96٪	1,000,000	1,000,000

The Bank has entered into transactions with members of the Board of Directors, key management, subsidiaries and major shareholders within the normal activities of the Bank and by using interest rates and commercial commissions. All credit facilities granted to related parties are considered performing and no provisions are made for them, except as mentioned below.

The following is the summary of transactions and balances with related parties:

	Related party			Total	
	Subsidiaries*	Directors and key executive management	Others (staff and their relatives, and relative of Board of Directors and key executive management and companies controlled)	31 Decembers 2020	31 Decembers 2019
	JD	JD	JD	JD	JD
Balance sheet items:					
Credit facilities	8,050,285	4,094,531	46,053,602	58,198,418	58,744,906
Provision for impairment of direct credit facilities**	-	-	36,287	36,287	82,880
Financial assets at amortised cost	700,000	-	5,120,000	5,820,000	6,020,000
Deposits, current accounts and cash deposits	190,000	-	-	190,000	-
Deposits at banks and financial institutions	5,277,740	4,607,262	19,150,262	29,035,264	29,157,520
Banks deposits	-	18,216,569	-	18,216,569	4,679,172
Off balance sheet items:					
Letters of credit	-	-	20,622	20,622	19,711
Guarantees	762,800	913,792	2,317,516	3,994,108	4,615,703
Elements of the statement of profit or loss:				2020	2019
				JD	JD
Interests and commissions income	522,230	244,080	4,081,607	4,847,917	5,040,386
Interests and commissions expense	101,127	398,943	602,161	1,102,231	1,735,257
Provision for impairment of credit facilities**	-	-	(46,593)	(46,593)	28,452

Highest interest rate on direct credit facilities in Jordanian Dinars	21%	Lowest interest rate on direct credit facilities in Jordanian Dinars	2%
Highest interest rate on direct credit facilities in foreign currency	12%	Lowest interest rate on direct credit facilities in foreign currency	6%
Highest interest rate on deposits in Jordanian Dinars	5%	Lowest interest rate on deposits in Jordanian Dinars	Zero
Highest interest rate on deposits in foreign currency	2%	Lowest interest rate on deposits in foreign currency	Zero
Highest commission on facilities	1%	Lowest commission on facilities	Zero

Interest rates payable on financial assets at amortised cost, in Jordanian Dinars, range from 5%. To 10.583%.

Salaries, bonuses for key executive management of the Bank and subsidiaries amounted to JD 3,247,947 for the year ended 31 December 2020 against JD 3,340,570 for year ended 31 December 2019.

As at 31 December 2020, the number of related clients reached 1,012, against 935 as of 31 Dec 2019.

The value of the collaterals provided by the related clients against the granted credit facilities amounted to JD 31,288,457 as at 31 December 2020, against 33,822,475 as of 31 Dec 2019.

* Balances and transactions with subsidiaries are excluded in these consolidated financial statements and are shown for reference only.

** This represents the provisions prepared according to the instructions of the Central Bank of Jordan (No. 47/2009).

(41) Risk management

The overall risk management framework

The Bank has set the supervisory levels (defence lines) to manage risk at the Bank's level, by setting the general framework for these levels as follows:

- Business Units: Employees within the business units represent the first line of defence and are directly responsible for managing risks and evaluating control procedures related to them.
- Risk Management Function: The risk management staff represents one of the elements of the second defence line and they are responsible for coordinating the risk management efforts and facilitating the process of supervising the mechanisms used and followed by the Bank to manage the risks.
- Compliance Department: Compliance Department is another component of the second line of defence. Compliance Department staff are concerned with ensuring compliance with laws, regulations, instructions, orders, codes of conduct, standards and sound banking practices.
- Internal Audit: The internal audit staff represents the third line of defence and are responsible for conducting the independent review of the control procedures, processes, and systems associated with risk management at the Bank's level.

The Bank formed a risk and compliance management committee emanating from the Board of Directors. This committee is concerned with risk management to ensure that all risks to which the Bank is exposed or may be exposed, are managed in an efficient manner to mitigate its impact on the various activities of the Bank and to ensure the proper functioning of its management, and its consistency with the Bank's strategy to maximise equities and maintain the Bank's growth within the approved risk framework. The Committee has the following main tasks:

A- Reviewing the Bank's risk management framework.

B- Reviewing the Bank's risk management strategy before approving it by the Board of Directors.

C- Reviewing the Bank's risk management policies before approving it by the Board of Directors.

D- Ensuring the availability of policies and a framework for managing the necessary risks, programmed and tools, with annual reviews as a minimum to ensure their effectiveness and amending them if necessary.

E- Ensuring that adequate and appropriate support is provided to the Risk Management Function to perform its tasks in accordance with the approved policies and procedures and the instructions of the Central Bank of Jordan.

F- Ensuring the use of modern methods in managing and evaluating the Bank's risks.

G- Reviewing periodic risk management reports.

H- Reviewing the Bank's acceptable risks documents and before approving it by the Board of Directors.

I- Reviewing the methodology by which the expected credit loss is calculated and submitted to the Board for approval.

J- Verifying the existence and application of effective internal control systems, internal credit rating systems, and automated systems for calculating expected credit losses and appropriate screening and verification procedures so that this system is able to reach results within adequate hedging against expected credit risks.

K- Ensuring that there is an independent body that has the power to decide on exception or amendment on the calculation of ECL and to present these cases to the Board of Directors or its relevant committees at its first meeting and to obtain its approval.

L- Reviewing the internal evaluation methodology of the Bank's capital adequacy and submitting the same to the Board of Directors for approval, so that this methodology is comprehensive, effective and capable of identifying all risks that the Bank may face, and take into account the Bank's strategic plan and capital plan. Reviewing this methodology periodically and verifying its application, and ensuring that the bank maintains sufficient capital to meet all the risks it faces.

M- Ensuring the independence of the risk management.

As for compliance management, the Committee aims to add value to the Bank's operations by improving the effectiveness of risk management, internal control systems and corporate governance, through ensuring that the Bank and its internal policies comply with all laws, regulations, instructions, orders, codes of conduct, standards, and sound banking practices issued by local and international oversight bodies and reporting to the Board of Directors on the Bank's compliance. The Committee carries out the following main tasks:

A- Ensuring full compliance with the laws, regulations, policies and orders that the Bank's business is subject to and the existence of a general framework for correct professional behaviour, and monitoring the Bank's compliance and commitment to implementing the provisions of the legislation in force and the requirements of regulatory authorities.

B- Ensuring that there is an integrated general framework for internal control, improving it when necessary, and reviewing compliance with the corporate governance manual.

C- Reviewing the related parties 'dealings with the Bank and giving recommendations to the Board of Directors before concluding them.

D- Verifying that sufficient qualified human resources are available to comply with compliance management and to train them and is responsible for assessing the performance of the compliance manager and staff and determining their remuneration.

E- Reviewing and approving any disclosures in the annual report related to risks and internal control systems.

F- Adopting the compliance control policy, money laundering and terrorist financing policy, and evaluating the degree of effectiveness with which the Bank manages the compliance department at least once a year and reviewing it when making any changes to it.

G- Monitoring and following up the implementation of the compliance policy and verifying compliance with the Bank's internal policies, international standards and related legislation.

H- Reviewing clients' complaints reports and making sure that appropriate measures are taken to follow up on these complaints.

I- Taking the necessary measures to enhance the values of integrity and sound professional practice within the Bank in a manner that makes compliance with applicable laws, regulations, instructions, orders and standards a primary goal to be achieved.

J- Reviewing and approving compliance programmes and plans annually.

In addition, the Bank has formed an Executive Risk Management Committee, which in turn supervises efforts to manage all types of risks that the Bank may face in addition to the overall risk management framework. The Executive Risk Management Committee submits the necessary reports to the Risk Committee of the Board of Directors.

The Risk Management Function undertakes the process of managing the Bank's various risks on a daily basis (credit, operating and market risks) within the general framework of the approved risk management policies, through:

- Risk identification.
- Risk assessment.
- Risk control mitigation.
- Risk monitoring.

Noting that the Bank adheres to the requirements of the Central Bank of Jordan related to each of the Basel III decisions and the process of (ICAAP) in addition to the requirements of stress tests and the requirements of the IFRS No. (9).

41/A Credit risk:

Credit risk is defined as: "the probability that the principal or interest will not be recovered on time and completely, resulting in a financial loss for the Bank".

Given the importance of credit risks as the largest part of the risks to which the Bank is exposed in general, the Bank has given credit management great importance by activating the appropriate tools to monitor and identify these risks at the level of the credit portfolio. To achieve this, the Bank, based on its risk management strategy, conducted the following:

1 - Approving a document of acceptable risks, setting credit limits for credit risks and monitoring them periodically to mitigate the credit risks that the Bank can be exposed to.

2 - The Bank implements a credit risk rating system from Moody's for clients of major companies and commercial companies, which would reflect on the quality of the credit portfolio and help in making appropriate credit decisions as follows:

- Through the system, the clients' credit rating is obtained as follows:
  - Large corporate
  - SMEs
- Classification of clients on the system to ten levels, where the rating scores are distributed from 1 (high quality companies with few risks) to 10 (classified company not preforming), as the classification system includes classification of performing debts within (7) degrees and non-performing within (3) degrees.
- Analysing the borrower's risks as per economic sector, management, financial status, experience, etc.
- Analysing client's data and financial statements to extract the most important financial ratios and indicators that help in making credit decisions.
- There is a specific matrix for each credit rating on the Moody's system, as the rating is correlated with the likelihood of default corresponding to that rating.

3 - Mitigating credit risk through credit risk mitigators (cash, real estate, shares or other guarantees) that are commensurate with the credit risk to which the Bank is exposed and in a manner that ensures that appropriate guarantees are met.

4 - Preparing and conducting stress testing for credit risk.

5 - Approved business policies and procedures that cover the approved basis for managing credit related operations and which include the following:

- Specific powers of approval of granting credit
- Defining the tasks and responsibilities of all parties and departments related to the credit granting process.
- Defining the necessary supervisory reports and statements that ensure that activities related to credit granting operations are monitored and followed up by the various departments involved in credit granting operations.

6 - The existence of departments and committees to manage credit granting operations, in a manner that ensures separation of duties between the various business departments and the credit monitoring and reviewing of credit risk management departments, as follows:

- Specialised committees for the approval of credit.
- Specialised departments for reviewing credit.
- Specialised departments for managing credit.
- A specialised unit for legal documentation.
- Specialised departments for following up the collection of receivables and past-due debts.

7 - The Bank ensures that it is committed to the instructions of the Central Bank of Jordan regarding credit concentrations in addition to preparing and monitoring credit concentrations and declaring banking risks to the Bank's customers.

8 - Sound and appropriate legal and credit documentation for all conditions associated with credit facilities, including legal documentation required for the Bank's guarantees.

General framework for the application of the requirements of IFRS (9):

- Based on INVESTBANK's keenness to adhere to the IFRS (9), and based on the instructions of the Central Bank of Jordan regarding the implementation of the IFRS (9), INVESTBANK implemented the standard within the following

1. Engaging with a specialised company to provide necessary consultations on the application of the standard.
2. Purchasing an automated system specialised to apply the standard requirements.
3. Developing the framework document for the implementation of the standard and its approval by the Board of Directors.
4. Recognising (classifying) all credit exposures/ debt instruments that are subject to the measurements and calculation of ECL within one of the following stages:

- Stage 1: This represents the expected credit loss weighted with PD for credit exposure/ debt instrument during the next (12) months, as credit exposures/ debt instruments have been included in this item, which did not have a significant increase or affecting its credit risks since the initial recognition of exposure/ instrument or that which has low credit risk at the date of preparing the financial statements, and credit risk is considered low if the conditions mentioned within the instructions of the Central Bank of Jordan based on the requirements of the standard are met, and examples of these indicators include the following:

  - Low default risk.
  - The debtor has a high ability in the short term to meet commitments.

- Stage 2: This stage includes credit exposure/ debt instruments, which had a significant increase in credit risk since their initial recognition, but have not yet reached a default stage due to the lack of objective evidence to establish default. The expected credit loss for the entire lifetime of the credit exposure/ debt instrument is calculated as the ECL resulting from all PDs over the remaining time period of the credit exposure/ debt instrument.
- Stage 3 :The Bank is taking into account the indicators included in the instructions of the Central Bank of Jordan, which is derived from the requirements of the standard relative to the classification of credit exposures/ debt instruments within this stage. Examples of these indicators are as follows:

  - Non-compliance with contractual conditions such as the existence of maturities equal to or greater than (90) days.
  - The existence of clear indications that the debtor is near bankruptcy.
  - In addition to the indicators received in the instructions of the Central Bank No. 2009/47.

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

- The calculation of ECL depends on the PD, which is calculated according to credit risk and economic factors, and the LGD ratio, which is based on the collectible value of the collateral, the EAD. Accordingly, the Bank adopted the following mathematical model to calculate the ECL in accordance with IFRS No. (9). The following equation applies to all exposures as follows:

  $ECL = PD\% \times EAD_{(JOD)} \times LGD\%$

  ECL: Expected credit loss

  PD: Probability of default

  EAD: Exposure at Default

  LGD: Loss Given Default

- Scope of application/ ECL:
- In accordance with the requirements of IFRS (9), ECL measurement model is applied within the following framework (except as measured at fair value through the consolidated statement of profit or loss):
  - Loans and credit facilities (direct and indirect).
  - Debt instruments carried at amortised cost.
  - Debt instruments classified at fair value through other comprehensive income.
  - Financial guarantees provided in accordance with the requirements of IFRS 9.
  - Receivables related to leases are within the requirements of IAS (17) and IFRS (16).
  - Trade receivables.
  - Credit exposures to banks and financial institutions [excluding current balances used to cover bank transactions such as remittances, guarantees and credits within a very short period of time (days)].

6. Calculation of the PD: The Bank calculates the PD according to the following data:
   - Economic indicators and macroeconomic factors (GDP, unemployment and inflation, real interest rates) to be used in calculating ECL (PD) were taken into account.
   - With regard to clients who are treated on an individual basis and classified through the credit rating system, the PD extracted from the credit rating system has been relied upon as a calibration of the default rates on the system to align with the requirements of the standard and after taking into account the historical defaults data of the Bank. As for the clients who are treated individually and not classified through the credit rating system, they are included in Stage 2, according to the instructions of applying the IFRS (9) No. (2018/13).
   - As for the clients who are dealt with on an collective basis, the “Roll Rate” methodology was adopted to calculate the percentage of future loss at default, as it was relied upon to study the historical data of the Bank by taking into account an analysis of the results of the methodology at a collective level (collective basis) for credit exposures that have similar credit characteristics by taking into consideration a group of factors; of which the most important are as follows:
     - Type of product
     - Type of collaterals
     - Sector

7. Calculation of (EAD): The Bank has taken the following data into account when calculating EAD:
   - Credit exposure type.
   - Balance of credit exposure.
   - Credit Conversion Factor - CCF

8. Calculating LGD, as the Bank made the calculation by analysing historical data of the Bank's recovery rates (recovery rates), after taking into consideration a set of factors, the most important of which are the nature of guarantees and products and clients’ classification. Accordingly, LGD ratios have been developed either on individual level for clients classified through the credit rating system or at collective basis for exposures that bear similar characteristics to clients not rated on the credit rating system.

1- Credit risk exposures (after provision for impairment, interest in suspense, collaterals and other risk mitigation)

	31 December 2020	31 December 2019
	JD	JD
Items in the statement of financial position:		
Balances at the Central Bank of Jordan	76,980,823	106,781,877
Balances at banks and financial institutions	70,941,436	57,764,189
Deposits at banks and financial institutions	399,949	6,752,924
Credit facilities:		
For individuals	205,521,897	161,841,097
Real estate mortgage	138,889,932	142,551,545
For corporates		
Large corporate	306,711,814	315,993,161
SMEs	42,223,074	44,377,084
For government and public sector	38,585,290	9,523,982
Bills and bonds		
Financial assets at amortized cost	172,871,636	169,034,592
Other assets	16,345,269	7,679,855
Total Statement of financial position items	1,069,471,120	1,022,300,306
Off Statement of financial position items		
Guarantees	84,967,248	81,129,272
Letters of credit	3,588,732	13,749,467
Acceptances and time-drawings	5,340,792	1,565,719
Unutilised direct credit facilities limits	18,518,711	15,563,376
Unutilised indirect credit facilities limits	24,600,487	31,016,321
Total off balance sheet items	137,015,970	143,024,155
Total balance sheet and off balance sheet items	1,206,487,090	1,165,324,461

To hedge the credit exposures mentioned above, the Bank uses the following mitigators and within specific conditions in the Bank's credit policy:

1 - Cash margins
2 - Bank guarantees accepted
3 - Real estate guarantees
4 - Mortgage of shares traded
5 - Mortgage of vehicles and machineries
6 - Collateral of funded goods

2 - Distribution of credit exposure by risk degree:

Credit exposures are distributed by risk degree as in the following table:

	Retail	Real estate loans	Companies: corporate	Companies: SMEs	Government and public sector	Banks and other financial institutions	Total
	JD	JD	JD	JD	JD	JD	JD
2020							
Low-risk	8,509,279	-	2,032,974	129,985	235,282,710	-	245,954,948
Acceptable risk	191,381,677	126,805,046	356,673,790	36,649,457	-	94,789,703	806,299,673
Of which are matured (*):							
Up to 30 days	324,300	192,946	4,582,831	293,209	-	-	5,393,286
31 to 60 days	196,323	43,112	109,173	23,042	-	-	371,650
Watch list	3,333,333	12,376,329	5,625,910	5,545,778	-	-	26,881,350
Non-performing:							
Sub-standard	460,477	291,362	3,043	152,404	-	-	907,286
Doubtful	1,966,300	256,268	840	573,821	-	-	2,797,229
Bad	14,047,817	4,745,192	12,787,697	8,621,465	-	-	40,202,171
Total	219,698,883	144,474,197	377,124,254	51,672,910	235,282,710	94,789,703	1,123,042,657
Less: Provision for impairment	10,749,702	4,461,458	20,579,417	7,272,403	-	37,355	43,100,335
Interests in suspense	3,427,284	1,122,807	3,743,678	2,177,433	-	-	10,471,202
Net	205,521,897	138,889,932	352,801,159	42,223,074	235,282,710	94,752,348	1,069,471,120

The credit exposures (financial assets and financial investments) are distributed as per the credit rating:

Credit rating	Government and public sector	financial institutions
(AAA to -AA)	-	9,208,440
(A+ to -A)	-	24,276,312
(BBB+ to -BBB)	-	22,486,543
(BB+ to -B)	235,282,710	14,785,299
Less than (-B)	-	23,995,754
	235,282,710	94,752,348

	Retail	Real estate loans	Companies: Corporate	Companies: SMEs	Government and public sector	Banks and other financial institutions	Total
	JD	JD	JD	JD	JD	JD	JD
2019							
Low-risk	9,084,072	-	2,904,712	411,814	229,490,960	-	241,891,558
Acceptable risk	148,848,598	127,657,605	350,155,385	34,606,926	-	78,851,862	740,120,376
Of which are matured (*):							
Up to 30 days	347,077	209,848	9,092,594	253,034	-	-	9,902,553
31 to 60 days	168,478	81,364	2,408,929	53,405	-	-	2,712,176
Watch list	4,744,641	12,545,617	9,297,490	8,248,320	-	-	34,836,068
Non-performing:							
Sub-standard	1,458,440	324,144	61,407	437,406	-	-	2,281,397
Doubtful	2,030,369	1,775,868	7,136,377	1,356,617	-	-	12,299,231
Bad	11,709,376	3,209,049	15,513,231	6,480,235	-	-	36,911,891
Total	177,875,496	145,512,283	385,068,602	51,541,318	229,490,960	78,851,862	1,068,340,521
Less: Provision for impairment	13,378,308	2,029,143	16,652,948	5,625,389	-	126,957	37,812,745
Interests in suspense	2,656,091	931,595	3,100,939	1,538,845	-	-	8,227,470
Net	161,841,097	142,551,545	365,314,715	44,377,084	229,490,960	78,724,905	1,022,300,306

The credit exposures (financial assets and financial investments) are distributes as per the credit rating.

Credit rating	Government and public sector	financial institutions
(AAA to -AA)	-	7,500,088
(A+ to -A)	-	26,077,670
(BBB+ to -BBB)	-	8,109,690
(BB+ to -B)	229,490,960	28,282,376
Less than (-B)	-	8,755,081
	229,490,960	78,724,905

* The entire debt balance is considered due in the event of a premium or interest being due, and the over draft accounts is considered receivable and due if the ceiling is exceeded.

Credit exposures include facilities, bank balances and deposits, as well as financial assets.

The following is the distribution of the fair value of collaterals provided against facilities:

			Companies		
	Retail	Real estate mortgage	Large corporate	SMEs	Total
	JD	JD	JD	JD	JD
2020					
Collaterals against:					
Low-risk	8,509,279	-	2,032,974	129,985	10,672,238
Acceptable risk	74,609,103	140,436,391	209,639,636	11,255,017	435,940,147
Watch list	730,587	450,217	8,784,870	115,268	10,080,942
Non-performing:					
Sub-standard	398,051	313,404	166,750	-	878,205
Doubtful	681,400	613,272	267,458	-	1,562,130
Loss	1,672,465	2,660,913	9,596,073	16,668	13,946,119
	86,600,885	144,474,197	230,487,761	11,516,938	473,079,781
Including:					
Cash margins	8,530,835	-	2,084,630	130,217	10,745,682
Real estate	66,815,309	144,474,197	179,469,889	10,341,529	401,100,924
Trade stocks	-	-	385,384	-	385,384
Vehicles and equipment	11,254,741	-	48,547,858	1,045,192	60,847,791
	86,600,885	144,474,197	230,487,761	11,516,938	473,079,781
2019					
Collaterals against:					
Low-risk	9,084,072	-	2,904,712	411,814	12,400,598
Acceptable risk	52,636,887	122,256,710	197,857,110	16,527,165	389,277,872
Watch list	1,268	12,481,610	5,835,332	48,576	18,366,786
Non-performing:					
Sub-standard	2,333,860	939,091	-	469,734	3,742,685
Doubtful	1,055,149	2,233,083	4,055,264	509,052	7,852,548
Loss	4,063,689	3,660,996	764,147	2,913,803	11,402,635
	69,174,925	141,571,490	211,416,565	20,880,144	443,043,124
Including:					
Cash margins	9,098,138	-	2,910,962	442,262	12,451,362
Real estate	44,145,220	141,571,490	159,214,240	9,874,177	354,805,127
Trade stocks	-	-	571,092	-	571,092
Vehicles and equipment	15,931,567	-	48,720,271	10,563,705	75,215,543
	69,174,925	141,571,490	211,416,565	20,880,144	443,043,124

The fair value of collateral is valued upon granting the facilities based on the valuation techniques usually adopted for these collaterals, and in subsequent periods the value is updated at market prices or the prices of similar assets.

- **Rescheduled debts**

  These are the debts that were previously classified as non-performing credit facilities and were taken out of the framework of non-performing credit facilities under a fundamental schedule and classified as watch list debt or transferred to performing and they amounting to JD 14,630,551 as at 31 December 2020 compared to JD 15,449,539 as at 31 December 2019.

- **Restructured debt**

  Restructuring means re-arranging the status of credit facilities in terms of adjusting the premiums, extending the life of credit facilities, postponing some of the instalments or extending the grace period, amounting to JD 43,074,252 as at 31 December 2020 compared to JD 66,875,997 for the year 2019.

- **Provisions that are no longer required as a result of debt settlement or repayment:**

  The value of provisions for the impairment of non-performing debt and watch list debt that were no longer required as a result of settlements or repayment of debts and transferred against other debts amounted to 2,397,998 for the period ended 31 Dec 2020 compared to JD 5,028,445 as at 31 December 2019,

3 - Bills, bonds and notes

The following table shows the classifications of bills, bonds and notes according to the external rating institutions and the internal classification of the Bank:

2020

Rating grade	Within financial assets at fair value through statement of profit or loss	Within financial assets at amortised cost	Total
	JD	JD	JD
Unrated	-	19,821,735	19,821,735
Rated (A - B+)	-	4,248,302	4,248,302
According to the Bank's internal rating	-	43,362,537	43,362,537
Governmental and under its guarantee	-	105,439,062	105,439,062
Total	-	172,871,636	172,871,636

2019

Rating grade	Within financial assets at fair value through statement of profit or loss	Within financial assets at amortised cost	Total
	JD	JD	JD
Unrated	-	5,015,318	5,015,318
Rated (A - BB+)	-	6,373,204	6,373,204
According to the Bank's internal rating	-	44,460,969	44,460,969
Governmental and under its guarantee	-	113,185,101	113,185,101
Total	-	169,034,592	169,034,592

Distribution of credit exposures

Bank's internal rating grade	Rating category as per the instructions (47/ 2009)	Gross amount of exposure	Expected credit losses (ECL)	Probability of Default (PD)	Rating according to external rating institutions	Exposure at default (EAD)	Loss given default (LGD)%
JD	JD	JD	JD	JD	JD	JD	JD
Performing exposures							
1	Performing exposures	39,004,315	31	0.04%	-	39,004,315	18.00%
2+	Performing exposures	-	-	-	-	-	-
2	Performing exposures	11,950,830	159	0.03%	-	1,354,112	18.00%
2-	Performing exposures	7,745,634	1,806	0.13%	-	7,330,247	12.30%
3+	Performing exposures	18,300,546	3,662	0.20%	-	15,843,356	15.25%
3	Performing exposures	26,389,754	2,751	0.80%	-	24,269,296	15.63%
3-	Performing exposures	9,940,745	3,274	0.46%	-	9,246,509	16.01%
4+	Performing exposures	8,299,012	3,815	0.50%	-	7,878,203	14.12%
4	Performing exposures	66,048,588	61,279	1.23%	-	63,050,425	16.43%
4-	Performing exposures	38,117,382	22,295	0.40%	-	29,263,883	9.01%
5+	Performing exposures	29,216,601	67,118	0.97%	-	29,339,762	17.75%
5	Performing exposures	107,061,856	199,622	2.65%	-	105,211,074	17.27%
5-	Performing exposures	41,497,656	75,661	1.09%	-	37,113,306	14.98%
6+	Performing exposures	16,337,145	32,885	1.27%	-	14,277,450	15.79%
6	Performing exposures	41,947,170	189,490	2.83%	-	34,315,731	15.57%
6-	Performing exposures	47,893,058	261,528	4.56%	-	45,489,568	13.20%
7+	Performing exposures	7,668,374	59,042	6.28%	-	4,309,184	15.23%
7	Performing exposures	26,413,033	462,791	12.83%	-	22,154,528	14.78%
7-	Performing exposures	38,480,974	5,593,049	31.78%	-	37,545,958	16.80%
Unclassified	Performing exposures	556,108,015	19,768,272	5.89%	(7 - +3)	543,605,390	24.69%
Gross performing exposures/ current year		1,138,420,688	26,808,530			1,070,602,297	
Gross performing exposures/ comparative year		903,358,598	4,190,107			829,486,832	

Bank's internal rating grade	Rating category as per the instructions (47/ 2009)	Gross amount of exposure	Expected credit losses (ECL)	Probability of Default (PD)	Rating according to external rating institutions	Exposure at default (EAD)	Loss given default (LGD)%
JD	JD	JD	JD	JD	JD	JD	JD
Non-performing exposures							
8	Substandard	48,095	6,339	100%	-	48,094	9.75%
Unclassified	Substandard	1,015,439	323,667	100%	-	952,161	22.21%
9	Doubtful	1,430,588	66,498	100%	-	1,328,533	16.72%
Unclassified	Doubtful	1,382,315	672,051	100%	-	1,323,449	20.7%
10	Loss	14,358,200	2,659,546	100%	-	11,357,237	26.01%
Unclassified	Loss	27,620,203	13,033,565	100%	-	19,384,091	52.2%
Gross non-performing exposures/ current year		45,854,840	16,761,666			34,393,565	
Gross non-performing exposures/ comparative year		35,004,277	20,382,705			33,829,127	
Grand total of exposures/ current year		1,184,275,528	43,570,196			1,104,995,862	
Grand total of exposures/ comparative year		938,362,875	24,572,812			863,315,959	

4- Total distribution of exposures by financial instruments

Item	Financial	Manufacturing	Commercial	Real Estate	Agricultural	Shares	Individuals	Government and public sector	Other	Total	Interest in suspense	Provision	Net
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at banks and financial institutions	64,540,718	-	-	-	-	-	-	-	6,401,776	70,942,494	-	1,058	70,941,436
Deposits at banks and financial institutions	400,000	-	-	-	-	-	-	-	-	400,000	-	51	399,949
Credit facilities	16,404,745	95,921,914	123,441,064	195,263,257	289,107	7,623,992	207,916,347	38,585,290	99,340,473	784,786,189	10,471,202	42,382,980	731,932,007
Bills, bonds and notes:													
Within financial assets at amortized cost	48,751,283	-	-	-	-	-	-	119,716,599	5,120,000	173,587,882	-	716,246	172,871,636
Other Assets	-	-	-	757,700	-	9,128	-	-	15,583,236	16,350,064	-	4,795	16,345,269
Total/ current year	130,096,746	95,921,914	123,441,064	196,020,957	289,107	7,633,120	207,916,347	158,301,889	126,445,485	1,046,066,629	10,471,202	43,105,130	992,490,297
Total/ comparative year	100,640,282	90,030,780	128,075,764	195,938,788	261,092	9,559,254	164,608,993	122,709,080	142,054,755	953,878,789	8,227,470	37,812,745	907,838,574
Financial guarantees	11,789,688	4,530,875	19,518,784	39,420,030	1,261,029	-	41,300	-	8,562,802	85,124,508	-	157,260	84,967,248
Letters of credit	370,616	906,367	2,260,084	52,618	-	-	-	-	-	3,589,685	-	953	3,588,732
Acceptances and time-drawing	3,719,072	715,712	37,034	870,489	-	-	-	-	-	5,342,307	-	1,515	5,340,792
Other obligations (untilised cre	3,446,813	12,771,704	13,465,041	10,011,946	-	-	6,941	-	3,720,865	43,423,310	-	304,112	43,119,198
Including directcredit limits	2,915,233	6,842,258	6,839,493	17,733	-	-	6,941	-	2,098,462	18,720,120	-	201,409	18,518,711
Including indirect credit limits	531,580	5,929,446	6,625,548	9,994,213	-	-	-	-	1,622,403	24,703,190	-	102,703	24,600,487
Grand total/ current year	149,422,935	114,846,572	158,722,007	246,376,040	1,550,136	7,633,120	207,964,588	158,301,889	138,729,152	1,183,546,439	10,471,202	43,568,970	1,129,506,267
Grand total/ comparative year	115,514,926	108,817,483	169,562,604	250,550,542	1,418,512	9,559,254	164,934,839	122,709,080	154,288,353	1,097,355,593	8,227,470	38,265,394	1,050,862,729

B- Distribution of exposures by classification stages under IFRS 9

Item	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3	Total	Interest in suspense	Provision	Net
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Financial	146,094,997	1,114,726	1,704,462	141,043	367,707	149,422,935	32,237	409,074	148,981,624
Industrial	82,063,343	1,293,548	21,369,804	279,358	9,840,519	114,846,572	1,205,992	2,093,533	111,547,047
Commercial	107,396,304	5,944,837	35,826,492	1,512,041	8,042,333	158,722,007	2,561,881	4,485,047	151,675,079
Real Estate	114,621,623	66,223,390	40,034,321	5,858,244	19,638,462	246,376,040	2,189,750	4,813,359	239,372,931
Agricultural	13,072	79,624	201,419	50,127	1,205,894	1,550,136	14,011	25,691	1,510,434
Shares	573,756	777,908	-	-	6,281,456	7,633,120	182,434	295,815	7,154,871
Individuals	13,942,301	165,819,422	524,259	10,638,522	17,040,084	207,964,588	3,379,748	10,686,647	193,898,193
Government and public sector	158,301,889	-	-	-	-	158,301,889	-	-	158,301,889
Other	80,356,594	22,187,966	16,253,416	3,091,070	16,840,106	138,729,152	905,149	20,759,808	117,064,195
Grand total/ current year	703,363,879	263,441,421	115,914,173	21,570,405	79,256,561	1,183,546,439	10,471,202	43,568,974	1,129,506,263
Grand total/ comparative year	530,277,549	315,533,353	162,050,895	19,501,667	69,992,129	1,097,355,593	8,227,470	38,265,394	1,050,862,729

5- Total distribution of exposures by geographical areas

Item	Inside the Kingdom	Other Middle East	Europe	Asia	Africa	America	Other countries	Total	Interest in suspense	Provision	Net
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at banks and financial institutions	20,989,645	1,035,105	34,023,683	3,417	-	14,389,595	501,049	70,942,494	-	1,058	70,941,436
Deposits at banks and financial institutions	400,000	-	-	-	-	-	-	400,000	-	51	399,949
Credit facilities	784,786,189	-	-	-	-	-	-	784,786,189	10,471,202	42,382,980	731,932,007
Bills, bonds and notes:											
Within financial assets at amortized cost	172,881,597	-	706,285	-	-	-	-	173,587,882	-	716,246	172,871,636
Other Assets	16,350,064	-	-	-	-	-	-	16,350,064	-	4,795	16,345,269
Total/ current year	995,407,495	1,035,105	34,729,968	3,417	-	14,389,595	501,049	1,046,066,629	10,471,202	43,105,130	992,490,297
Total/ comparative year	900,442,805	2,462,570	35,319,785	152,321	-	6,838,352	435,486	945,651,319	8,227,470	37,812,745	907,838,574
Financial guarantees	85,124,508	-	-	-	-	-	-	85,124,508	-	157,260	84,967,248
Letters of credit	3,589,685	-	-	-	-	-	-	3,589,685	-	953	3,588,732
Acceptances and time-drawings	5,342,307	-	-	-	-	-	-	5,342,307	-	1,515	5,340,792
Other obligations (untilised credit limits)	43,423,311	-	-	-	-	-	-	43,423,311	-	304,113	43,119,198
Including direct credit limits	18,720,121	-	-	-	-	-	-	18,720,121	-	201,410	18,518,711
Including indirect credit limits	24,703,190	-	-	-	-	-	-	24,703,190	-	102,703	24,600,487
Grand total/ current year	1,132,887,306	1,035,105	34,729,968	3,417	-	14,389,595	501,049	1,183,546,440	10,471,202	43,568,971	1,129,506,267
Grand total/ comparative year	1,052,147,079	2,462,570	35,319,785	152,321	-	6,838,352	435,486	1,097,355,593	8,227,470	38,265,394	1,050,862,729

D- Distribution of exposures by classification stages under IFRS 9

Item	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3	Total	Interest in suspense	Provision	Net
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Inside the Kingdom	652,733,839	263,441,421	115,914,166	21,570,405	79,256,564	1,132,916,395	10,471,202	43,565,889	1,078,879,304
Other Middle East	1,035,105	-	-	-	-	1,035,105	-	-	1,035,105
Europe	34,729,968	-	-	-	-	34,729,968	-	3,076	34,726,892
Asia	3,417	-	-	-	-	3,417	-	-	3,417
Africa	-	-	-	-	-	-	-	-	-
America	14,389,595	-	-	-	-	14,389,595	-	9	14,389,586
Other countries	501,049	-	-	-	-	501,049	-	-	501,049
Grand total/ current year	703,392,973	263,441,421	115,914,166	21,570,405	79,256,564	1,183,575,529	10,471,202	43,568,974	1,129,535,353
Grand total/ comparative year	530,277,549	315,533,353	162,050,895	19,501,667	69,992,129	1,097,355,593	8,227,470	38,265,394	1,050,862,729

Distribution of fair value of collaterals against credit exposures:

A. Distribution of fair value of collaterals against gross credit exposures as at 31/12/2020 according to requirements of IFRS (9):

Item	Gross amount of exposure	Fair value of collaterals: Cash margins	Trade shares	Bank guarantees accepted	Real estate	Vehicles and equipment	Other	Gross amount of collaterals	Net exposures after collaterals	ECL
JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at banks and financial institutions	70,942,494	-	-	-	-	-	-	-	70,942,494	1,058
Deposits at banks and financial institutions	400,000	-	-	-	-	-	-	-	400,000	51
Credit facilities:	784,786,189	15,160,440	9,983,075	-	236,433,018	-	13,862,852	275,439,385	575,710,345	42,382,980
Individuals	219,698,883	11,749,576	7,292,762	-	13,250,656	-	-	32,292,994	198,245,372	10,749,702
Real estate loans	144,474,197			-	105,498,809	-	-	105,498,809	56,372,243	4,461,458
Large corporate	330,354,909	3,410,864	1,312,030	-	105,093,153	-	12,030,811	121,846,858	244,168,846	19,899,417
SMEs	51,672,910		1,378,283	-	12,590,400	-	1,832,041	15,800,724	38,338,594	7,272,403
Government and public sector	38,585,290	-	-	-	-	-	-	-	38,585,290	-
Bills, bonds and notes:	173,587,882	-	-	-	-	-	-	-	173,587,882	716,246
Financial assets at fair value through the statement of profit or loss	-	-	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-
Financial assets at amortized cost	173,587,882	-	-	-	-	-	-	-	173,587,882	716,246
Financial instruments derivative	-	-	-	-	-	-	-	-	-	-
Pledged financial instruments (debt instruments)	-	-	-	-	-	-	-	-	-	-
Other assets	16,350,064	-	-	-	-	-	-	-	16,350,064	4,795
Total/ current year	1,046,066,629	15,160,440	9,983,075	-	236,433,018	-	13,862,852	275,439,385	836,990,785	43,105,130
Total/ comparative year	945,651,319	15,182,127	10,875,223	-	248,017,562	-	14,527,956	288,602,869	743,079,445	37,812,745
Financial guarantees	85,124,508	2,024,907	174,095	-	9,327,655	-	-	11,526,657	76,422,455	157,260
Letters of credit	3,589,685	1,404,539	-	-	67,333	-	-	1,471,872	2,419,642	953
Acceptances and time-drawings	5,342,307	-	-	-	-	-	-	-	5,342,307	1,515
Other obligations (untilised credit limits)	43,423,313	-	-	-	-	-	-	-	43,423,313	304,112
Including direct credit limits	18,720,121	-	-	-	-	-	-	-	18,720,121	201,409
Including indirect credit limits	24,703,192	-	-	-	-	-	-	-	24,703,192	102,703
Grand total/ current year	1,183,546,442	18,589,886	10,157,170	-	241,918,210	-	13,862,852	288,437,914	964,598,502	43,568,970
Grand total/ comparative year	1,089,128,109	17,651,571	11,347,187	-	257,672,719	-	14,527,956	301,199,445	878,341,773	38,265,394

Distribution of fair value of collaterals against credit exposures:

B Distribution of fair value of collaterals against gross credit exposures listed within (stage 3) as at 31/12/2020 according to requirements of IFRS (9):

Item	Gross amount of exposure	Fair value of collaterals: Cash margins	Trade shares	Bank guarantees accepted	Real estate	Vehicles and equipment	Other	Gross amount of collaterals	Net exposures after collaterals	ECL
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Deposits at banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Credit facilities:	77,150,087	46,999	6,741,951	-	33,714,890	-	1,301,032	41,804,872	43,430,791	38,218,130
Individuals	21,212,377	17,000	4,930,138	-	1,491,609	-	-	6,438,747	16,230,188	8,984,604
Real estate loans	17,649,912	-	-	-	11,528,567	-	-	11,528,567	8,201,249	4,030,060
Large corporate	27,988,560	29,999	944,753	-	18,536,622	-	1,095,346	20,606,720	11,357,968	18,443,130
SMEs	10,299,238	-	867,060	-	2,158,092	-	205,686	3,230,838	7,641,386	6,760,336
Government and public sector	-	-	-	-	-	-	-	-	-	-
Bills, bonds and notes:	-	-	-	-	-	-	-	-	-	-
Financial assets at fair value through the statement of profit or loss	-	-	-	-	-	-	-	-	-	-
Financial assets at fair value through the statement of comprehensive income	-	-	-	-	-	-	-	-	-	-
Financial assets at amortised cost	-	-	-	-	-	-	-	-	-	-
Financial instruments derivative	-	-	-	-	-	-	-	-	-	-
Pledged financial instruments (debt instruments)	-	-	-	-	-	-	-	-	-	-
Other assets	9,128	-	-	-	-	-	-	-	9,128	2,108
Total/ current year	77,159,215	46,999	6,741,951	-	33,714,890	-	1,301,032	41,804,872	43,430,791	38,218,130
Total/ comparative year	60,169,102	175,292	7,339,556	-	24,921,946	-	398,186	32,834,981	42,910,846	31,316,122
Financial guarantees	2,097,355	-	-	-	540,504	-	-	540,504	2,018,353	90,074
Letters of credit	-	-	-	-	-	-	-	-	-	-
Acceptances and time	-	-	-	-	-	-	-	-	-	-
Other obligations (untilised credit limitss)	-	-	-	-	-	-	-	-	-	-
Including direct credit limits	-	-	-	-	-	-	-	-	-	-
Including indirect credit limits	-	-	-	-	-	-	-	-	-	-
Grand total/ current year	79,256,570	46,999	6,741,951	-	34,255,394	-	1,301,032	42,345,376	45,458,272	38,308,204
Grand total/ comparative year	61,775,335	175,292	7,339,556	-	24,943,199	-	398,186	32,856,234	44,498,186	31,410,995

6- Reclassified credit exposures :

A. Total credit exposures classified:

Item	Stage 2		Stage 3			
	Gross amount of exposure	Exposures reclassified	Gross amount of exposure	Exposures reclassified	Gross reclassified exposures	Percentage of exposures reclassified
	JD	JD	JD	JD	JD	JD
Balances at banks and financial institutions	-	-	-	-	-	-
Deposits at banks and financial institutions	-	-	-	-	-	-
Credit facilities	108,433,145	6,198,532	77,150,087	2,942,972	9,141,504	4.93%
Bills, bonds and notes:						
Within financial assets at amortised cost	5,120,000	-	-	-	-	-
Other assets	-	-	9,128	-	-	-
Total/ current year	113,553,145	6,198,532	77,159,215	2,942,972	9,141,504	4.79%
Total/ comparative year	157,400,797	21,768,165	60,169,102	12,912,367	34,680,532	15.94%
Financial guarantees	17,334,918	1,173,898	2,097,355	646,074	1,819,972	9.37%
Letters of credit	381,435	-	-	-	-	-
Acceptances and time-drawings	230,069	-	-	-	-	-
Other obligations (untilised credit limits)	5,985,011	2,954,358	-	-	2,954,358	-
Including direct credit limits	2,517,025	1,798,687	-	-	1,798,687	71.46%
Including indirect credit limits	3,467,986	1,155,671	-	-	1,155,671	33.32%
Grand total/ current year	137,484,578	10,326,788	79,256,570	3,589,046	13,915,834	6.42%
Grand total/ comparative year	181,541,887	27,246,599	61,775,335	13,067,760	40,314,359	16.57%

B- Reclassified exposures of ECL:

Item	Reclassified exposures			ECL for reclassified exposures				
	Gross reclassified exposures to Stage 2	Gross reclassified exposures to Stage 3	Gross reclassified exposures	Stage 2 Individual	Collective	Stage 3 Individual	Collective	Total
Balances at banks and financial institutions	-	-	-	-	-	-	-	-
Deposits at banks and financial institutions	-	-	-	-	-	-	-	-
Credit facilities	6,198,532	2,942,972	9,141,504	1,454	109,930	156,428	-	267,812
Bills, bonds and notes:								
Within financial assets at amortised cost	-	-	-	-	-	-	-	-
financial assets derivatives	-	-	-	-	-	-	-	-
Mortgaged financial assets (debt instrument	-	-	-	-	-	-	-	-
other assets	-							
Total/ current year	6,198,532	2,942,972	9,141,504	1,454	109,930	156,428	-	267,812
Total/ comparative year	21,768,165	12,912,367	34,680,532	200,032	465,025	630,283	-	1,295,340
Financial guarantees	1,173,898	646,074	1,819,972	12,906	42	2,044	-	14,992
Letters of credit	-	-	-	-	-	-	-	-
Acceptances and time-drawings	-	-	-	-	-	-	-	-
Other obligations (untilised credit limits)	2,954,358	-	2,954,358	69,024	-	-	-	69,024
Including direct credit limits	1,798,687	-	1,798,687	36,587	-	-	-	36,587
Including indirect credit limits	1,155,671	-	1,155,671	32,437	-	-	-	32,437
Grand total/ current year	10,326,788	3,589,046	13,915,834	83,384	109,972	158,472	-	351,828
Grand total/ comparative year	27,246,599	13,067,760	40,314,359	208,136	467,325	631,216	-	1,306,677

Distribution of the total ECL by classification stages:

2020	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Balances at banks and financial institutions	1,058	-	-	-	-	1,058
Deposits at banks and financial institutions	51	-	-	-	-	51
Credit facilities	367,657	1,720,700	1,200,471	876,022	38,218,130	42,382,980
Financial assets at amortised cost	36,246	-	680,000	-	-	716,246
Financial guarantees	11,887	823	54,241	235	90,074	157,260
Untilised credit limits	151,193	144	152,775	-	-	304,112
Letters of credit	2,076	-	396	-	-	2,472
Other assets	2,687	-	-	-	2,108	4,795
Total	572,855	1,721,667	2,087,883	876,257	38,310,312	43,568,974

2019	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Balances at banks and financial institutions	65,300	-	-	-	-	65,300
Deposits at banks and financial institutions	19,576	-	-	-	-	19,576
Credit facilities	1,821,206	1,728,082	1,466,444	1,246,869	31,316,122	37,578,723
Financial assets at amortised cost	44,464	-	104,682	-	-	149,146
Financial guarantees	13,665	1,191	55,800	19	44,155	114,830
Untilised credit limits	135,158	25	138,678	-	50,718	324,579
Letters of credit	9,978	-	3,261	-	-	13,239
Total	2,109,347	1,729,298	1,768,865	1,246,888	31,410,995	38,265,393

The following are credit exposures as instructed by Circular No. (2009/47) and in comparison with the International Financial Reporting Standard (9) (Mapping):

As of 31 Dec 2020:

item	As per circular (2009/47)				In accordance with IFRS (9)								
					Stage 1			Stage 2			Stage 3		
	Gross	Interest in suspense	Face value	Provision	Gross	ECL	Interest in suspense	Gross	ECL	Interest in suspense	Gross	ECL	Interest in suspense
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Performing	713,998,153	101,505	713,896,648	-	599,202,959	2,088,357	-	96,076,939	1,344,852	-	18,718,255	17,465,918	101,505
Watch list	26,881,350	327,389	26,553,961	901,556	-	-	-	12,356,204	619,044	274,455	14,525,146	2,737,668	52,934
Non-performing facilities	43,906,686	10,042,307	33,864,379	23,038,501	-	-	-	-	-	-	43,906,686	16,671,002	10,042,307
Substandard	907,286	17,635	889,651	156,707	-	-	-	-	-	-	907,286	323,448	17,635
Doubtful	2,797,229	149,465	2,647,764	598,502	-	-	-	-	-	-	2,797,229	736,851	149,465
Loss	40,202,171	9,875,207	30,326,964	22,283,292	-	-	-	-	-	-	40,202,171	15,610,703	9,875,207
Total	**784,786,189**	**10,471,201**	**774,314,988**	**23,940,057**	**599,202,959**	**2,088,357**	**-**	**108,433,143**	**1,963,896**	**274,455**	**77,150,087**	**36,874,588**	**10,196,746**

As of 31 Dec 2019:

item	As per circular (2009/47)				In accordance with IFRS (9)								
					Stage 1			Stage 2			Stage 3		
	Gross	Interest in suspense	Face value	Provision	Gross	ECL	Interest in suspense	Gross	ECL	Interest in suspense	Gross	ECL	Interest in suspense
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Performing	633,764,474	261	633,764,213	-	499,415,693	3,549,287	-	123,384,454	1,868,809	-	10,964,327	760,723	261
Watch list	34,836,068	174,910	34,661,158	948,172	-	-	-	28,907,019	844,504	10,675	5,929,049	852,772	164,235
Non-performing facilities	51,492,520	8,052,299	43,440,221	31,102,081	-	-	-	-	-	-	51,492,520	22,331,149	8,052,299
Substandard	2,281,398	66,891	2,214,507	409,358	-	-	-	-	-	-	2,281,398	468,715	66,891
Doubtful	12,299,231	904,972	11,394,259	3,706,605	-	-	-	-	-	-	12,299,231	1,813,726	904,972
Loss	36,911,891	7,080,436	29,831,455	26,986,118	-	-	-	-	-	-	36,911,891	20,048,708	7,080,436
Total	**720,093,062**	**8,227,470**	**711,865,592**	**32,050,253**	**499,415,693**	**3,549,287**	**-**	**152,291,473**	**2,713,313**	**10,675**	**68,385,896**	**23,944,644**	**8,216,795**

41/ B Operational risk

This represents the "loss resulting from the failure or inadequacy of internal procedures, human element, systems, or external events. This definition includes legal risk".

The Invest Bank adopted the Control and Risk Self-Assessment methodology for managing operational risks through the use of an automated system designed for this purpose (CARE System). The Invest Bank manages operational risk within the following data:

- Preparing a policy for managing operational risks and adopting it by the Bank's Board of Directors.
- Preparing the Operational Risk Accountability Policy and approving it by the Bank's Board of Directors.
- Preparing the Invest Bank Anti-Fraud Policy and approving it by the Bank's Board of Directors.
- Preparing the Reputable Risk Management Policy and approving it by the Bank's Board of Directors.
- Creating risk profiles (risk profile) through which risks and control measures that limit them are identified for the important departments of the Bank, and work is underway to complete all the Bank's departments within the plans of approved work programmes.
- Applying an automated system for operating risk management (core system) to implement the methodology of self-assessment of risks and control procedures.
- Building a database of events resulting from risks and operational errors.
- Expressing an opinion on work procedures to state the risks contained therein and adequacy of control procedures associated with them.
- Preparing the procedures of stress testing of operational risk.
- Providing the risk management committees (the Risk Management Committee of the Board of Directors and the Executive Risk Management Committee) with the necessary reports.

41/ c Compliance risks:

Compliance risks are defined as the risks of legal and regulatory penalties, material loss or reputation risks to which the Bank may be exposed due to non-compliance with laws, regulations, instructions, orders, codes of conduct, standards and sound banking practices.

Non-compliance with the instructions and laws issued by the various supervisory authorities is considered one of the most important risks that any bank can be exposed to, due to the large financial losses resulting from violating these instructions and laws, which in turn are reflected in the bank's reputation. Recent years witnessed a significant increase in issuing instructions and laws related to organizing the work of various institutions. In view of this, the need to manage compliance risks across the Bank has become an imperative, as the existence of the compliance function leads to increased efficiency in risk management and a reduction in the costs to which the Bank may be exposed as a result of non-compliance with laws and regulations.

41/ D Market risk

Market risks are defined as the risks that affect the value of investments and financial assets of the Bank resulting from a change in market factors (such as interest rates, exchange rates, stock prices, commodity prices ...).

The Bank monitors market risks through the use of appropriate methodologies to evaluate and measure these risks in addition to conducting stress tests based on a set of assumptions and changes in different market conditions and according to the instructions of the regulatory authorities. These methods include:

1- Value at Risk (VaR)
   VaR is determined by using special calculation models such that the standard deviation is calculated and then VaR is at the confidence levels (99% - 95%) of the total investment portfolio and the ratio is extracted via dividing the result by equity.
2- Stress testing.
3- Stop loss limit
4- Monitoring open financial positions in foreign currencies.

D/ 1 <u>Interest rate risk</u>

Interest rate risk arises from the possibility of a change in interest rates and thus affects cash flows or the fair value of financial instruments. The Bank is exposed to interest rate risk due to the existence of a time gap for re-pricing between assets and liabilities. These gaps are monitored periodically by ALCO.

- **Sensitivity analysis:**

31 December 2020

Currency	Change of increase in interest rate (percentage point)	Sensitivity of interest and profit and (loss) income	Sensitivity of equity
	%	JD	JD
US Dollar	2	(118,328)	-
Euro	2	(20,919)	-
Sterling Pound	2	(2,408)	-
JPY	2	277	-
Other currencies	2	38,196	-

Currency	Change of (decrease) of interest rate (percentage point)	Sensitivity of interest and profit and (loss) income	Sensitivity of equity
	%	JD	JD
US Dollar	2	118,328	-
Euro	2	20,919	-
Sterling Pound	2	2,408	-
JPY	2	(277)	-
Other currencies	2	(38,196)	-

31 December 2019

Currency	Change of increase in interest rate (percentage point)	Sensitivity of interest and profit and (loss) income	Sensitivity of equity
	%	JD	JD
US Dollar	2	(77,096)	-
Euro	2	2,851	-
Sterling Pound	2	(808)	-
JPY	2	291	-
Other currencies	2	40,016	-

Currency	Change of (decrease) of interest rate (percentage point)	Sensitivity of interest and profit and (loss) income	Sensitivity of equity
	%	JD	JD
US Dollar	2	77,096	-
Euro	2	(2,851)	-
Sterling Pound	2	808	-
JPY	2	(291)	-
Other currencies	2	(40,016)	-

D/ 2 Currency risk

The table below shows the currencies that the Bank is exposed to and the effect of a possible and reasonable change on their prices against the Jordanian Dinar on the statement of profit or loss, given that the currency centres are monitored on a daily basis to verify they remain within the specified ceilings and the market risk unit submits a daily report thereon to the Head of Risk Management Function.

2020

Currency	Change (increase) in exchange rate	Impact on profit and loss	Impact on equity
	%	JD	JD
Euro	5+	(52,297)	86,893
Sterling Pound	5+	(6,021)	-
JPY	5+	692	-
Other currencies	5+	95,490	-

2019

Currency	Change (increase) in exchange rate	Impact on profit and loss	Impact on equity
	%	JD	JD
Euro	5+	7,128	147,670
Sterling Pound	5+	(2,021)	-
JPY	5+	726	-
Other currencies	5+	100,040	-

In the event that there is a negative change in the exchange rate, the effect will be equal to the change above, with a reversed sign.

D/ 3 Risk of change in shares prices:

It is the risk of a decrease in the fair value of the shares portfolio because of the change in the value of shares indices and the change in the value of individual shares.

2020

Ticker	Change in index (%)	Impact on profit and loss	Impact on equity
Amman market index	5	(298)	(1,176,085)
Palestine market index	5	-	(88,996)
International markets inde	5	-	(357,467)

2019

Ticker	Change in index (%)	Impact on profit and loss	Impact on equity
Amman market index	5	(483)	(1,392,778)
Palestine market index	5	-	(94,478)
International markets inde	5	-	(355,509)

- **Re-pricing interest gap:**

Adopting the methodology for assessing interest rate risk by analyzing the average lifetime of gaps (assuming that interest rates change by a certain amount is determined based on market conditions and then calculating the gap by identifying the categories of interest rate risk in the banking portfolio and distributing the Bank’s assets and liabilities, which are sensitive to change in interest rates by specific categories then the gaps for each of the categories are identified.

Interest rate sensitivities are as follows:

	Re-pricing interest gap							
	Less than 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 years and above	Non-interest bearing elements	Total
31 December 2020								
Assets:								
Cash and balances at the Central Bank of Jordan	35,951,602	-	-	-	-	-	54,425,952	90,377,554
Balances at banks and financial institutions	31,726,795	7,089,132	-	-	-	-	32,125,509	70,941,436
Deposits at banks and financial institutions	-	-	-	399,949	-	-	-	399,949
Financial assets at fair value through statement of profit or loss	-	-	-	-	-	-	5,961	5,961
Direct credit facilities - net	35,860,146	66,795,681	87,115,737	106,991,671	227,361,076	207,807,696	-	731,932,007
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	39,243,610	39,243,610
Financial assets at amortised cost	-	26,854,999	16,044,278	24,442,385	77,726,716	27,803,258	-	172,871,636
Property and equipment- net	-	-	-	-	-	-	29,030,141	29,030,141
Intangible assets	-	-	-	-	-	-	2,766,093	2,766,093
Deferred tax assets	-	-	-	-	-	-	17,118,215	17,118,215
Other assets	135,179	1,143,991	6,476,866	1,439,888	-	-	55,474,499	64,670,423
Right of use of leased assets	78,014	155,306	230,457	454,549	1,798,291	2,385,534	-	5,102,151
Total assets	103,751,736	102,039,109	109,867,338	133,728,442	306,886,083	237,996,488	230,189,980	1,224,459,176
		-						
Liabilities:								
Deposits at banks and financial institutions	17,700,000	8,000,000	-	-	-	-	4,789,935	30,489,935
Customers’ deposits	120,749,663	104,954,250	119,343,493	214,624,425	11,561,832	-	195,580,960	766,814,623
Cash margins	1,290,092	3,622,626	4,507,576	5,195,932	9,408,484	11,626,079	-	35,650,789
Borrowed funds	1,599,153	21,876,833	12,287,446	42,165,915	71,742,045	17,125,815	-	166,797,207
Bonds	-	-	4,300,000	7,110,000	-	-	-	11,410,000
Lease liabilities	255,439	28,302	201,558	175,765	1,413,932	1,536,856	-	3,611,852
Sundry provisions	-	-	-	-	-	-	765,666	765,666
Provision for income tax	-	-	-	-	-	-	6,189,284	6,189,284
Deferred tax liabilities	-	-	-	-	-	-	5,117,743	5,117,743
Other liabilities	-	-	-	-	-	-	15,923,551	15,923,551
Total liabilities	141,594,347	138,482,011	140,640,073	269,272,037	94,126,293	30,288,750	228,367,139	1,042,770,650
Re-pricing interest gap	(37,842,611)	(36,442,902)	(30,772,735)	(135,543,595)	212,759,790	207,707,738	1,822,841	181,688,526
31 December 2019								
Total assets	145,844,399	42,731,567	112,645,937	100,908,990	281,631,875	254,377,809	240,638,760	1,178,779,337
Total liabilities	148,652,496	143,755,013	169,923,600	212,815,643	64,225,774	52,916,209	204,479,713	996,768,448
Re-pricing interest gap	(2,808,097)	(101,023,446)	(57,277,663)	(111,906,653)	217,406,101	201,461,600	36,159,047	182,010,889

- **Concentration in foreign exchange risk:**

	Currency (equivalent to JD)					
	US Dollar	Euro	GBP	JPY	Others	Total
2020						
Assets:						
Cash and balances at the Central Bank of Jordan	12,787,958	6,559,422	499,243	-	390,756	20,237,379
Balances at banks and financial institutions	38,865,914	10,705,168	3,331,200	3,418	3,701,072	56,606,772
Financial assets at fair value through statement of profit or loss	1	-	-	-	-	1
Direct credit facilities - net	48,689,784	-	45,812	-	25,520	48,761,116
Financial assets at fair value through other comprehensive income	7,191,405	1,737,861	-	-	359,619	9,288,885
Financial assets at amortized cost	38,184,421	-	-	-	-	38,184,421
Other assets	9,765,978	16,348	10,312	10,426	1,030	9,804,094
Total assets	155,485,461	19,018,799	3,886,567	13,844	4,477,997	182,882,668
Liabilities:						
Deposits at banks and financial institutions	2,968,320	378,416	-	-	46,414	3,393,150
Customers' deposits	138,547,375	16,658,790	3,993,710	6	2,493,091	161,692,972
Cash margins	8,028,100	1,124,517	10,860	1	28,657	9,192,135
Borrowed funds	11,769,400	-	-	-	-	11,769,400
Other liabilities	88,667	1,903,020	2,420	-	45	1,994,152
Total liabilities	161,401,862	20,064,743	4,006,990	7	2,568,207	188,041,809
Net concentration in the statement of financial position	(5,916,401)	(1,045,944)	(120,423)	13,837	1,909,790	(5,159,141)
Contingent liabilities off the statement of financial position	33,430,698	3,339,931	-	5,781,136	328,439	42,880,204
2019						
Assets:						
Cash and balances at the Central Bank of Jordan	15,338,056	1,654,247	372,588	-	695,816	18,060,707
Balances at banks and financial institutions	17,963,780	15,704,858	4,099,837	142,039	5,603,990	43,514,504
Deposits at banks and financial institutions	1,772,348	-	-	-	-	1,772,348
Financial assets at fair value through statement of profit or loss	1	-	-	-	-	1
Direct credit facilities - net	47,226,184	16,206	72,957	-	20,547	47,335,894
Financial assets at fair value through other comprehensive profit or loss	6,046,351	2,953,396	-	-	358,323	9,358,070
Financial assets at amortized cost	37,993,762	-	-	-	-	37,993,762
Other assets	850,906	14,908	10,348	9,895	556,074	1,442,131
Total assets	127,191,389	20,343,615	4,555,730	151,934	7,234,750	159,477,418
Liabilities:						
Deposits at banks and financial institutions	868,264	332,265	-	-	397,393	1,597,922
Customers' deposits	111,669,642	16,915,152	4,577,543	137,404	4,823,029	138,122,770
Cash margins	8,018,302	1,206,481	10,869	1	9,427	9,245,080
Borrowed funds	10,422,300	-	-	-	-	10,422,300
Other liabilities	67,661	1,747,158	7,736	-	4,109	1,826,664
Total liabilities	131,046,169	20,201,056	4,596,148	137,405	5,233,958	161,214,736
Net concentration in the statement of financial position	(3,854,780)	142,559	(40,418)	14,529	2,000,792	(1,737,318)
Contingent liabilities off the statement of financial position	35,282,882	3,961,842	164,427	5,486,480	471,981	45,367,612

42/ d Liquidity risk

Liquidity risk is the Bank's inability to provide the necessary financing to fulfil its liabilities at their maturity dates. In order to prevent these risks, the Bank adopts a conservative policy in managing liquidity risk, which includes managing assets and liabilities, aligning and analyzing their maturities, and meeting short or long-term maturities of assets and liabilities with a sufficient balance of cash and cash equivalents and negotiable securities. The cash liquidity is reviewed and managed periodically and at several levels. According to the instructions issued by the Central Bank of Jordan, the Bank maintains cash reserves with the Central Bank of Jordan to reduce liquidity

Noting that the Bank prepares the procedures of stress testing of operational risk.

First: The table below summarises the distribution of liabilities (not discounted) based on the remaining time period for contractual maturity at the date of the consolidated financial statements.

	Less than 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 years and above	Non-matured elements	Total
	JD	JD	JD	JD	JD	JD	JD	JD
31 December 2020								
Liabilities:								
Deposits at banks and financial institutions	22,519,950	8,016,015	-	-	-	-	-	30,535,965
Customers' deposits	195,599,474	139,750,920	149,483,018	243,447,133	47,910,518	-	-	776,191,063
Cash margins	1,292,092	3,631,048	4,539,012	5,268,406	9,670,946	12,274,729	-	36,676,233
Borrowed funds	1,605,861	22,014,483	12,519,386	43,757,778	77,158,909	19,711,975	-	176,768,392
Bonds	-	-	4,384,229	7,388,543	-	-	-	11,772,772
Operating lease liabilities	255,439	28,302	201,558	175,765	1,413,932	1,536,856	-	3,611,852
Sundry provisions	-	-	-	-	-	-	765,666	765,666
Provision for income tax	2,130,038	4,059,246	-	-	-	-	-	6,189,284
Deferred tax liabilities	-	-	-	-	-	-	5,117,743	5,117,743
Other liabilities	1,639,676	-	9,428,745	-	-	-	-	11,068,421
Total liabilities	225,042,530	177,500,014	180,555,948	300,037,625	136,154,305	33,523,560	5,883,409	1,058,697,391
Total assets	193,283,799	102,039,109	109,867,338	133,728,442	306,886,083	237,996,488	140,657,917	1,224,459,176

	Less than 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 years and above	Non-matured elements	Total
31 December 2019	JD	JD	JD	JD	JD	JD	JD	JD
Liabilities:								
Deposits at banks and financial institutions	12,952,513	-	-	-	-	-	-	12,952,513
Customers' deposits	197,941,308	156,230,698	171,767,116	206,996,135	44,890,846	-	-	777,826,103
Cash deposits	3,023,008	2,300,256	5,864,551	4,746,666	9,811,814	13,446,694	-	39,192,989
Borrowed funds	2,402,230	12,007,129	9,212,169	28,327,361	45,765,459	45,225,758	-	142,940,106
Bonds	-	4,238,942	10,946,238	-		-	-	15,185,180
Sundry provisions	-	-	-	-	-	-	1,022,532	1,022,532
Provision for income tax	-	-	-	-	-	-	5,814,560	5,814,560
Deferred tax liabilities	-	-	-	-	-	-	7,337,607	7,337,607
Other liabilities	1,596,425	771,189	8,996,523	136,870	1,404,489	2,250,461	-	15,155,957
Total liabilities	217,915,484	175,548,214	206,786,597	240,207,032	101,872,608	60,922,913	14,174,699	1,017,427,547
Total assets	246,266,125	42,731,567	112,645,937	100,908,990	281,631,875	254,377,809	140,217,034	1,178,779,337

Second: Items off the statement of financial position:

	Up to 1 year	1 to 5 years	Over 5 years	Total
	JD	JD	JD	JD
31 December 2020				
Letters of credits and acceptances	8,929,524	-	-	8,929,524
Untilised credit limits	18,518,711	-	-	18,518,711
Guarantees	77,429,116	7,538,132	-	84,967,248
Capital commitments	328,831	-	-	328,831
	105,206,182	7,538,132	-	112,744,314
31 December 2019				
Letters of credits and acceptances	15,315,186	-	-	15,315,186
Untilised credit limits	15,563,376	-	-	15,563,376
Guarantees	70,880,564	10,248,708	-	81,129,272
Capital commitments	457,074	-	-	457,074
	102,216,200	10,248,708	-	112,464,908

(42) Segment analysis

(A) Information on the Bank's segments and subsidiaries

The Bank is organised for administrative purposes. This is used by the general manager and decision makers of the Bank through three main business sectors shown below. The Bank also owns subsidiaries that are specialised in the following areas: financial brokerage services, financial leasing services, operating services and management of bounded warehouses.

- Retail accounts; Includes handling individual customers' deposits, and providing credit facilities, credit cards and other services.

- Corporates' accounts: Includes handling deposits, credit facilities, and other credit facilities granted to customers services related to corporates' customers.

- Treasury: Includes providing trading and treasury services and the management of the Bank's funds.

The following is information on the Bank's business sectors distributed by according to activity:

	Individuals	Corporates	Treasury	Financial brokerage	Finance leasing	Management of bounded	Factoring of receivables	Others	Total For the year ended 31 December 2020	Total For the year ended 31 December 2019
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Gross income	20,187,982	20,358,026	7,534,913	1,046,923	701,842	2,000,928	21,610	(198,002)	51,654,222	53,458,917
Recoveries from (provision) for expected credit losses on direct credit facilities	(1,287,641)	(13,508,174)	-	(84,731)	(551,975)	(199,720)	(1,014)	-	(15,633,255)	(2,155,060)
Recoveries from provision for impairment of financial assets and items off the statement of financial position in accordance with IFRS (9)	-	-	(483,354)	(1,958)	-	-	-	(13,889)	(499,201)	279,222
Business sector results	18,900,341	6,849,852	7,051,559	960,234	149,867	1,801,208	20,596	(211,891)	35,521,766	51,583,079
Unallocated expenses on segments	-	-	-	(393,985)	(862,231)	(1,840,541)	(311,611)	(24,249,062)	(27,657,430)	(28,672,544)
Profit before tax	18,900,341	6,849,852	7,051,559	566,249	(712,364)	(39,333)	(291,015)	(24,460,953)	7,864,336	22,910,535
Income tax	-	-	-	(160,393)	132,340	17,579	61,113	(1,911,706)	(1,861,067)	(6,810,519)
Net profit for the year	18,900,341	6,849,852	7,051,559	405,856	(580,024)	(21,754)	(229,902)	(26,372,659)	6,003,269	16,100,016

	Individuals	Corporates	Treasury	Financial brokerage	Finance leasing	Management of bounded	Factoring of receivables	Others	Total 31 December 2020	Total 31 December 2019
	JD	JD	JD	JD	JD	JD		JD	JD	JD
Segment assets	275,570,588	394,108,738	370,409,972	14,890,854	87,761,568	27,797,826	1,285,380	-	1,171,824,926	1,136,861,861
Unallocated assets on segments	-	-	-	-	-	-	-	52,634,250	52,634,250	41,917,476
Total assets	275,570,588	394,108,738	370,409,972	14,890,854	87,761,568	27,797,826	1,285,380	52,634,250	1,224,459,176	1,178,779,337
Segment of liabilities	481,667,506	337,808,552	70,579,935	1,010,716	64,727,899	21,751,856	15,282	-	977,561,746	944,861,583
Unallocated liabilities on segments	-	-	-	-	-	-	-	65,208,904	65,208,904	51,906,865
Total liabilities	481,667,506	337,808,552	70,579,935	1,010,716	64,727,899	21,751,856	15,282	65,208,904	1,042,770,650	996,768,448
Capital expenses									1,652,620	1,949,061
Depreciation and amortization									1,997,430	2,212,546

(B) Geographical distribution information

The Bank and its subsidiaries practise their activities mainly in the Kingdom. These activities represent the local business. Therefore, most of the income, assets and capital expenditures are within the Kingdom.

(43) Capital management

(A) Description of what is considered to be capital:

Regulatory qualified capital comprises the following elements:

- Tier 1 of capital (capital that guarantees the going concern). This comprises the following:
  1- Common equity tier 1 (CET1).
  2- Additional tier 1 (AT1).
- Tier 2 (T2) is the capital used in case of failure of going concern (liquidation)
- Each of the three types of capital (CET1, AT1, T2) has a specific set of criteria that a financial instrument must meet before including it in the relevant category.

The bank is also committed, according to Article (62) of the Banking Law, to deduct annually 10% of its net profit to the legal reserve account and continues to deduct it until the reserve reaches the equivalent of the Bank's subscribed capital.

(B) Regulatory requirements for capital, and how to meet these requirements:

Banks must meet the minimum capital requirements in relation to risk-weighted assets, and they should be as follows:

1- The minimum of (CET1) should not be less than (6%) of the risk weighted assets.

2- The minimum of (Tier 1) should not be less than (7.5%) of the risk weighted assets.

3- The minimum (CAR) should not be less than (12%) of the risk weighted assets.

(C) How to achieve the capital objectives:

The management of the Bank aims to achieve the goals of managing the Bank's capital, achieving a surplus in operating profits and revenues, and optimising the operation of available sources of funds in order to achieve the targeted growth in shareholders' equity through growth in the legal reserve, realised profits and retained earnings.

When entering into investments, effects on the capital adequacy ratio are carried and capital and adequacy are monitored periodically as the capital adequacy ratio is calculated by the Risk Management.

The capital adequacy ratio is calculated according to the instructions of the Central Bank of Jordan based on Basel III decisions as at 31 December 2020 and 31 December 2019.

(E) Below is the table of the amount that the bank considers as capital and capital adequacy ratio:

	31 December 2020	31 December 2019
	JD	JD
Basic capital items for common shares		
Subscribed capital (paid in)	100,000,000	100,000,000
Retained earnings (less any restricted amounts)	35,938,069	33,933,433
Financial assets revaluation reserve - net, according to IFRS (9)	8,560,247	12,255,295
Statutory reserve	30,643,329	29,728,357
Total basic capital for common shares	175,141,645	175,917,085
Regulatory amendments (subtraction from capital):		
Goodwill and intangible assets	(2,766,093)	(2,615,620)
Deferred tax assets resulting from debt provisions	(17,118,215)	(11,472,794)
Proposed dividends	(12,000,000)	-
Investments affecting the capital of banks, financial companies and insurance companies in which the Bank owns less than 10%, as shown in the instructions	-	-
Net ordinary shareholders' equity	143,257,337	161,828,671
Tier 2 (T2) Capital		
The balance of the required provisions against debt instruments included Stage 1, by no more than 1.25% of the total assets weighted by credit risk according to the standard method	2,294,522	3,838,645
Total cushion capital	2,294,522	3,838,645
Regulatory amendments (subtraction from capital):		
Investments affecting the capital of banks, financial companies and insurance companies in which the Bank owns less than 10%, as shown in the instructions	-	-
Net cushion capital (T2)	2,294,522	3,838,645
Total regulatory capital	145,551,859	165,667,316
Total risk-weighted assets	969,020,266	968,428,449
Adequacy capital ratio (٪)	15.02٪	17.11٪
Percentage of ordinary shareholders' equity (٪)	14.78٪	16.71٪
Basic capital percentage (%)	14.78٪	16.71٪

(44) Analysis of maturities of assets and liabilities

The following table shows the analysis of assets and liabilities according to the expected period of recovery or settlement:

	Up to 1 year	Over 1 year	Total
31 December 2020	JD	JD	JD
Assets:			
Cash and balances at the Central Bank of Jordan	90,377,554	-	90,377,554
Balances at banks and financial institutions	70,941,436	-	70,941,436
Deposits at banks and financial institutions	399,949	-	399,949
Financial assets at fair value through statement of profit or loss	5,961	-	5,961
Direct credit facilities - net	296,763,235	435,168,772	731,932,007
Financial assets at fair value through other comprehensive income	-	39,243,610	39,243,610
Financial assets at amortised cost	67,341,662	105,529,974	172,871,636
Property and equipment- net	1,565,104	27,465,037	29,030,141
Intangible assets	379,933	2,386,160	2,766,093
Deferred tax assets	973,617	16,144,598	17,118,215
Other assets	20,225,550	44,444,873	64,670,423
Right of use of leased assets	918,326	4,183,825	5,102,151
Total assets	549,892,327	674,566,849	1,224,459,176
Liabilities:			
Deposits at banks and financial institutions	30,489,935	-	30,489,935
Customers’ deposits	720,823,607	45,991,016	766,814,623
Cash margins	14,616,227	21,034,562	35,650,789
Borrowed funds	77,929,347	88,867,860	166,797,207
Bonds	11,410,000	-	11,410,000
Operating lease liabilities	661,064	2,950,788	3,611,852
Sundry provisions	-	765,666	765,666
Provision for income tax	6,189,284	-	6,189,284
Deferred tax liabilities	5,117,743	-	5,117,743
Other liabilities	15,923,551	-	15,923,551
Total liabilities	883,160,758	159,609,892	1,042,770,650
Net	(333,268,431)	514,956,457	181,688,526

31 December 2019	Up to 1 year JD	Over 1 year JD	Total JD
Assets:			
Cash and balances at the Central Bank of Jordan	120,759,451	-	120,759,451
Balances at banks and financial institutions	57,764,189	-	57,764,189
Deposits at banks and financial institutions	-	6,752,924	6,752,924
Financial assets at fair value through statement of profit or loss	9,667	-	9,667
Direct credit facilities - net	290,546,911	383,739,958	674,286,869
Financial assets at fair value through other comprehensive profit or loss	-	43,941,650	43,941,650
Financial assets at amortized cost	28,627,474	140,407,118	169,034,592
Property and equipment- net	1,736,540	27,789,289	29,525,829
Intangible assets	476,006	2,139,614	2,615,620
Deferred tax assets	755,223	10,717,571	11,472,794
Other assets	11,084,519	45,509,341	56,593,860
Right of use of leased assets	939,977	5,081,915	6,021,892
Total assets	512,699,957	666,079,380	1,178,779,337
Liabilities:			
Deposits at banks and financial institutions	12,923,564	-	12,923,564
Customers' deposits	722,524,858	42,250,009	764,774,867
Cash margins	15,802,647	22,153,027	37,955,674
Borrowed funds	50,348,181	79,827,851	130,176,032
Bonds	14,850,000	-	14,850,000
Operating lease liabilites	688,432	3,631,400	4,319,832
Sundry provisions	-	1,022,532	1,022,532
Provision for income tax	5,814,560	-	5,814,560
Deferred tax liabilities	-	7,337,607	7,337,607
Other liabilities	8,805	17,584,975	17,593,780
Total liabilities	822,961,047	173,807,401	996,768,448
Net	(310,261,090)	492,271,979	182,010,889

(45) Accounts managed for the interest of clients

There are no capital guaranteed investment portfolios managed by the Bank or its subsidiaries for the interest of clients.

(46) Fair value hierarchy

The following table represents financial instruments carried at fair value based on the valuation method, where different levels are defined as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs for the asset or liability that are not based on observable market data.

	Level 1	Level 2	Level 3	Total
As at 31 December 2020	JD	JD	JD	JD
Financial assets at fair value through statement of profit or loss	5,961	-	-	5,961
Financial assets at fair value through other comprehensive income	32,450,995	-	6,792,615	39,243,610
	32,456,956	-	6,792,615	39,249,571

	Level 1	Level 2	Level 3	Total
As at 31 December 2019	JD	JD	JD	JD
Financial assets at fair value through statement of profit or loss	9,667	-	-	9,667
Financial assets at fair value through other comprehensive income	36,855,325	-	7,086,325	43,941,650
	36,864,992	-	7,086,325	43,951,317

Other assets include non financial assets, which represent investments properties in subsidiaries (Jordan Trade facilities and Bindar for Trade and investment), and are not measured through fair value, considering that the fair value of investments properties are within the level two which amounted to 3,183,695 JD as at 31 December, 2020, against 3,213,895 JD as at 31 December, 2019.

(47) Fair value of financial instruments

The fair value of financial instruments that are not measured in the consolidated statement of financial position at fair value is not materially different from the carrying amount included in the consolidated financial statements. Also, the fair value of direct credit facilities, investments at amortised cost, banks' and financial institutions' deposits, clients' deposits, cash insurance, borrowed funds and loan bonds that are included at amortised cost are not fundamentally different from the book value included in the consolidated financial statements because there is no material difference in the market interest rates for similar financial instruments for the contracted rates, as well as due to the short periods in relation to the deposits of banks and financial institutions. The fair value stated at amortised cost is determined through the quoted prices in the market on availability or through assessment forms used with some bonds at a fixed commission.

(48) Contingent commitments and liabilities (off the statement of financial position)

(A) mitments and liabilities

	31 December 2020	31 December 2019
	JD	JD
Letters of credit	3,588,732	13,749,467
Acceptances and time-drawings	5,340,792	1,565,719
Guarantees:		
Payment	23,507,677	28,567,464
Performance bonds	42,010,703	38,401,135
Other	19,448,868	14,160,673
unutilised direct credit facilities credit limits	18,518,711	15,563,376
unutilised indirect credit facilities credit limits	24,600,487	31,016,321
Total	137,015,970	143,024,155

(B) Contractual commitments

Project construction contracts	328,831	457,074
	328,831	457,074

Movement of contingent commitments and liabilities (guarantees, letters of credit and banking acceptances)

2020	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Total balance as at the beginning of the year	74,760,213	1,988,926	18,201,053	102,480	1,519,858	96,572,530
New exposures during the year	22,920,226	467,108	4,263,904	-	103,611	27,754,849
Matured/ derecognised	(24,991,300)	(179,594)	(5,042,665)	-	(57,320)	(30,270,879)
Transferred to Stage 1	227,189	(66,765)	(137,124)	-	(23,300)	-
Transferred to stage 2	(1,066,330)	(16,000)	1,161,848	12,050	(91,568)	-
Transferred to stage 3	(13,000)	(17,950)	(515,124)	(100,000)	646,074	-
Changes resulting from adjustments	-	-	-	-	-	-
Written off Balances	-	-	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	71,836,998	2,175,725	17,931,892	14,530	2,097,355	94,056,500

2019	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Balance at beginning of the year	88,347,075	1,796,568	14,643,773	100,149	1,582,878	106,470,443
New exposures during the year	22,054,372	636,646	3,904,155	-	23,620	26,618,793
Repaid/ derecognized exposures	(33,639,462)	(232,687)	(2,566,845)	(24,669)	(53,043)	(36,516,706)
Transferred to Stage 1	2,227,596	(189,601)	(2,003,581)	(2,000)	(32,414)	-
Transferred to stage 2	(4,205,291)	(20,000)	4,225,491	100,000	(100,200)	-
Transferred to stage 3	(24,077)	(2,000)	(1,940)	(71,000)	99,017	-
Changes resulting from adjustments	-	-	-	-	-	-
Written off balances	-	-	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	74,760,213	1,988,926	18,201,053	102,480	1,519,858	96,572,530

Movement on expected credit loss:

2020	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Balance at beginning of the year	23,646	1,192	59,061	19	44,153	128,071
Impairment loss on new exposures during the year	6,961	701	60,623	1,785	13,849	83,919
Recoveries from impairment loss on repaid exposures (repaid/ derecognised)	(15,981)	(517)	(21,467)	-	(14,293)	(52,258)
Transferred to Stage 1	18	969	(18)	-	(969)	-
Transferred to stage 2	(277)	(20)	12,906	42	(12,651)	-
Transferred to stage 3	(3)	(3)	(2,020)	(18)	2,044	-
Effect on the provision -as at the end of the year- from the classification change among the three stages during the year	(401)	(1,499)	(54,448)	(1,593)	57,941	-
Changes resulting from adjustments	-	-	-	-	-	-
Written off balances	-	-	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	13,963	823	54,637	235	90,074	159,732

2019	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Balance at beginning of the year	46,277	6,428	46,518	49	51,364	150,636
Impairment loss on new exposures during the year	15,116	599	14,797	1,956	218	32,686
Recoveries from impairment loss on repaid exposures (repaid/ derecognised)	(33,027)	(5,374)	(7,328)	(33)	(9,489)	(55,251)
Transferred to Stage 1	1,912	667	(1,615)	-	(964)	-
Transferred to stage 2	(3,150)	(43)	3,239	2,300	(2,346)	-
Transferred to stage 3	(2)	-	(4)	(16)	22	-
Impact on the provision -as at the end of the year- from the classification change among the three stages during the year	(3,480)	(1,085)	3,454	(4,237)	5,348	-
Changes resulting from adjustments	-	-	-	-	-	-
Written off balances	-	-	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	23,646	1,192	59,061	19	44,153	128,071

Movement of contingent commitments and liabilities (non-utilised direct credit limits)

2020	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Balance as at the beginning of the year	14,703,674	12,919	993,175	-	29,616	15,739,384
New exposures during the year	7,838,736	565	810,543	-	-	8,649,844
Repaid/ derecognized balances	(5,069,265)	(5,454)	(566,918)	-	(27,470)	(5,669,107)
Transferred to Stage 1	518,462	-	(518,462)	-	-	-
Transferred to stage 2	(1,796,541)	-	1,798,687	-	(2,146)	-
Transferred to stage 3	-	-	-	-	-	-
Changes resulting from adjustments	-	-	-	-	-	-
Written off balances	-	-	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	16,195,066	8,030	2,517,025	-	-	18,720,121

2019	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Balance at beginning of the year	34,018,066	146,291	1,631,439	-	162,537	35,958,333
New exposures during the year	4,358,506	47,364	565,416	-	-	4,971,286
Repaid/ derecognized balances	(23,638,048)	(124,716)	(1,293,654)	-	(133,817)	(25,190,235)
Transferred to Stage 1	165,614	(16,201)	(120,693)	-	(28,720)	-
Transferred to stage 2	(170,848)	(39,819)	210,667	-	-	-
Transferred to stage 3	(29,616)	-		-	29,616	-
Changes resulting from adjustments	-	-	-	-	-	-
Written off balances	-	-	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	14,703,674	12,919	993,175	-	29,616	15,739,384

Movement on expected credit loss:

2020	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Balance at beginning of the year	69,865	26	67,888	-	38,231	176,010
Impairment loss on new exposures during the year	58,014	63	74,867	-	-	132,944
Recoveries from impairment loss on repaid exposures (repaid/ derecognised)	(32,850)	(12)	(37,988)	-	(36,695)	(107,545)
Transferred to Stage 1	18,735	-	(18,735)	-	-	-
Transferred to stage 2	(2,416)	-	36,587	-	(34,171)	-
Transferred to stage 3	-	-	-	-	-	-
Effect on the provision -as at the end of the year- from the classification change among the three stages during the year	(1,484)	-	(31,151)	-	32,635	-
Changes resulting from adjustments	-	-	-	-	-	-
Written off balances	-	-	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	109,864	77	91,468	-	-	201,409

2019	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Balance at beginning of the year	153,361	311	118,651	-	41,422	313,745
Impairment loss on new exposure	72,077	542	44,215	-	-	116,834
Recoveries from impairment loss on repaid exposures (repaid/ derecognised)	(116,079)	(272)	(96,850)	-	(41,368)	(254,569)
Transferred to Stage 1	35,319	-	(14,480)	-	(20,839)	-
Transferred to stage 2	(360)	(11)	371	-	-	-
Transferred to stage 3	(358)	-	-	-	358	-
Effect on the provision -as at the end of the year- from the classification change among the three stages during the year	(74,095)	(544)	15,981	-	58,658	-
Changes resulting from adjustments	-	-	-	-	-	-
Written off balances	-	-	-	-	-	
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	69,865	26	67,888	-	38,231	176,010

Movement on untilised indirect credit facilities:

2020	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Balance at beginning of the year	26,263,747	-	4,844,382	-	56,760	31,164,889
Impairment loss on new exposures during the year	5,927,345	42,800	141,010	-	-	6,111,155
Recoveries from impairment loss on repaid exposures (repaid/ derecognised)	(10,327,339)	-	(2,218,755)	-	(26,760)	(12,572,854)
Transferred to Stage 1	454,322	-	(454,322)	-	-	-
Transferred to stage 2	(1,125,671)	-	1,155,671	-	(30,000)	-
Transferred to stage 3	-	-	-	-	-	-
Changes resulting from adjustments	-	-	-	-	-	-
Written off balances	-	-	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	21,192,404	42,800	3,467,986	-	-	24,703,190

2019	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Balance at beginning of the year	30,080,236	198,499	8,555,903	-	85,444	38,920,082
Impairment loss on new exposures during the year	8,850,232	-	1,363,063	-	30,000	10,243,295
Recoveries from impairment loss on repaid exposures (repaid/ derecognised)	(14,517,243)	(11,000)	(3,384,801)	-	(85,444)	(17,998,488)
Transferred to Stage 1	2,796,498	(177,499)	(2,618,999)	-	-	-
Transferred to stage 2	(932,276)	(10,000)	942,276	-	-	-
Transferred to stage 3	(13,700)	-	(13,060)		26,760	-
Changes resulting from adjustments	-	-	-	-	-	-
Written off balances	-	-	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	26,263,747	-	4,844,382	-	56,760	31,164,889

Movement on expected credit loss:

2020	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Balance at beginning of the year	65,290	-	70,790	-	12,488	148,568
Impairment loss on new exposures during the year	21,426	67	6,628	-		28,121
Recoveries from impairment loss on repaid exposures (repaid/ derecognised)	(29,518)	-	(32,110)	-	(12,358)	(73,986)
Transferred to Stage 1	6,969	-	(6,969)	-	-	-
Transferred to stage 2	(25,837)	-	32,437	-	(6,600)	-
Transferred to stage 3	-	-	-	-	-	-
Effect on the provision -as at the end of the year- from the classification change among the three stages during the year	2,998	-	(9,468)	-	6,470	-
Changes resulting from adjustments	-	-	-	-	-	-
Written off balances	-	-	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	41,328	67	61,308	-	-	102,703

2019	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at beginning of the year	66,723	422	93,210	-	19,652	180,007
Impairment loss on new exposures during the year	31,980	183	40,775	-	6,600	79,538
Recoveries from impairment loss on repaid exposures (repaid/ derecognised)	(31,620)	(395)	(59,310)	-	(19,652)	(110,977)
Transferred to Stage 1	41,518		(41,518)	-	-	-
Transferred to stage 2	(4,474)	(20)	4,494	-	-	-
Transferred to stage 3	(23)	-	(530)	-	553	-
Effect on the provision -as at the end of the year- from the classification change among the three stages during the year	(38,814)	(190)	33,669	-	5,335	-
Changes resulting from adjustments	-	-	-	-	-	-
Written off balances	-	-	-	-	-	
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	65,290	-	70,790	-	12,488	148,568

(49) Lawsuits against the Bank

The value of lawsuits against the Bank amounted to JD 4.655.510 as at 31 December 2020 compared to JD 4,643,790 as at 31 December 2019, while the balance of provisions to address these cases was JD 359.000 as at 31 December 2020 compared to JD 631,956 as at 31 December 2019. In the opinion of the Bank's management and the legal advisor, the Bank will not have any additional obligations to meet these cases.

There are no lawsuits against Al-Mawarid Financial Brokerage Company and Jordanian Factoring Company as at 31 December 2020 and 31 December 2019.

There is one lawsuit against Al-Istethmari for financing Selselat Imdad as of 31 December 2020, In the opinion of the Bank's management and the legal advisor, the Bank will not have to allocate a provsion against this lawsuit.

The value of lawsuits against Tamkeen for finance leasing Company amounted to JD 221.540 as at 31 December 2020 compared to JD zero as at 31 December 2019, In the opinion of the Company's management and the legal advisor, the Company will not have any additional obligations to meet these cases.

The value of lawsuits against Jordan Trade Facilities Company amounted to JD 86.549 as at 31 December 2020 compared to JD 201.635 as at 31 December 2019, while the balance of provisions to address these cases was JD 240.521 as at 31 December 2020 compared to JD 220,000 as at 31 December 2019. In the opinion of the Company's management and the legal advisor, the Company will not have any additional obligations to meet these cases.

The value of lawsuits against Trade Facilities for Finance Leasing Company (a subsidiary of Trade Facilities Company) amounted to JD 81.047 as at 31 December 2020 compared to JD 21.796 as at 31 December 2019. In the opinion of the Company's management and the legal advisor, the Company will not have any additional obligations to meet these cases.

The value of cases filed against Bindar for Trade and Investment Company amounted to JD 47,840 as at 31 December 2020 compared to JD 91,725 as at 31 December 2019, while the balance of provisions to address these cases was JD 32,840 as at 31 December 2020 compared to JD 76,725 as at 31 December 2019. In the opinion of the Bank's management and the legal For corporates, the Company will not have any additional obligations to meet these cases.

There are no cases filed against Bindar for Finance Leasing, Ruboua Al Sharq Real Estate Company, and Rakeen Real estate company (subsidiaries to Bindar for Trade and Investment Company) as at 31 December 2020 and 31 December 2019.

(50) Comparative figures

Some comparative figures of the year ended 31 December 2019 have been reclassified to conform with the presentation of the financial statements for the year ended 31 December 2020.

(51) Management's decision to re-issue the consolidated financial statements as at and for the year ended 31 December 2020

These consolidated financial statements have been reissued to replace the consolidated financial statements issued on 11 February 2021. The reason for the re-issuance is that the management has amended some of the consolidated financial statements disclosures in accordance with the adjustments proposed by the Central Bank of Jordan, which include reclassification of expected credit losses of JD 14.5 million from stage one to stage three as mentioned in (note 10).