ARAB BANKING CORPORATION (JORDAN)
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
TOGETHER WITH THE INDEPENDENT
AUDITOR'S REPORT

ARAB BANKING CORPORATION (JORDAN)
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

AM/ 003305

To the Shareholders
Arab Banking Corporation (Jordan)
(A Public Shareholding Limited Company)
Amman – The Hashemite Kingdom of Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Arab Banking Corporation (Jordan) (the "Bank") and its subsidiary (together the "Group"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020, and its consolidated financial performance and its cash flows for the year in accordance with International Financial Reporting Standards (IFRSs) as adopted by the Central Bank of Jordan.

Basis for Opinion

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

Other Matter

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

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Key Audit Matters

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

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

For each matter below, our description of how our audit addressed the matter is provided in that context.

Key Audit Matters	How Our Audit Addressed the Key Audit Matter
1. Impairment of carrying value of the credit facilities in accordance with IFRS 9	
The Group's credit facilities are stated in the statement of financial position at JD 720 million as at December 31, 2020. The expected credit loss (ECL) allowance was JD 56 million as at this date, which comprised an allowance of JD 13.4 million against Stage 1 and 2 exposures and an allowance of JD 42.5 million against exposures classified under Stage 3. The audit of the impairment of credit facilities is a key area of focus because of their size (representing around 55% of total assets) and due to the significance of the estimates made and judgments applied in classifying credit facilities into various stages, and determining related allowance requirements and the complexity of the judgements, assumptions, and estimates used in the Expected Credit Loss models. Refer to Note (2) to the consolidated financial statements for the accounting policy, Note (4) for critical judgements and estimates used by management, and Note (40) for disclosures about credit risk. The Group recognizes allowances for expected credit losses (ECLs) at an amount equal to 12-month ECL (Stage 1) or full lifetime ECL (Stage 2). A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. It is compared to the ECL amount calculated according to the instructions of the Central Bank of Jordan, and the higher of the two amounts is recorded after excluding credit exposures with/guaranteed by the Jordanian government, or any other special arrangements with the Central Bank of Jordan. ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's effective.	We obtained a detailed understanding of the Group's credit facilities and financing, investing assets business processes, and the accounting policies, including the critical accounting estimates and judgments used. We have involved our subject matter experts to assist us in auditing the IFRS 9 ECL models as at December 31, 2020. We tested the design, implementation, and operating effectiveness of the relevant controls which included testing: • System-based and manual controls over the timely recognition of impaired credit facilities and financing and investing assets and advances; • Controls over the ECL calculation models; • Controls over collateral valuation estimates; • Controls over governance and approval process related to impairment provisions and ECL Models, including continuous reassessment by the management. We understood and evaluated the theoretical soundness of the ECL model by involving our subject matter experts to ensure its compliance with the minimum requirements of the standard. We also tested the mathematical integrity of the ECL model by performing recalculations. We assessed the consistency of various inputs and assumptions used by the Group's management to determine impairment.

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Key Audit Matters

profit rate. The Bank employs statistical models for ECL calculations, and the key variables used in these calculations are probability of default (PD), loss given default (LGD), and exposure at default (EAD), which are defined in Note (40) to the consolidated financial statements.

The Corporate portfolio of credit facilities and financing and Investing assets is assessed individually for the significant increase in credit risk (SICR) and measurement of ECL. This requires management to capture all qualitative and quantitative reasonable and supportable forward-looking information while assessing SICR, or while assessing credit-impaired criteria for the exposure. Management's judgement may also be involved in manual staging override as per the Group's policies.

The measurement of ECL amounts for retail exposures classified as Stage 1 and Stage 2 are calculated using models with limited manual intervention.

Retail exposures are classified as impaired as soon as there is doubt about the borrower's ability to meet payment obligations to the Group in accordance with the original contractual terms.

Impaired credit facilities are measured on the basis of the present value of expected future cash flows including observable market prices or fair value of the collateral. The impairment loss is calculated based on the shortfall in the credit facilities carrying value compared to the net present value of future cash flows using the original effective profit rate after comparing it with the ECL amount calculated according to the instructions of the Central Bank of Jordan and recording the higher of the two amounts, excluding credit exposures with/guaranteed by the Jordanian government, and any other special arrangements with the Central Bank of Jordan. The factors considered when determining impairment losses on individually assessed accounts include the customer's aggregate borrowings, risk rating, value of the collateral, probability of successful repossession, and the costs involved to recover the debts.

As disclosed in Note (47) the COVID-19 pandemic significantly impacted management's determination of the ECL and required the application of heightened judgment. To address the uncertainties inherent in the current and future environment and to reflect all relevant risk factors not captured in the Bank's modelled results, management applied quantitative and qualitative adjustments for the impacts of the unprecedented macroeconomic scenarios arising

How Our Audit Addressed the Key Audit Matter

For allowances against exposures classified as Stage 1 and Stage 2, we obtained an understanding of the Group's methodology to determine the allowance, assessed the reasonableness of the underlying assumptions and the sufficiency of the data used by the management. We assessed the appropriateness of the Group's determination of significant increase in credit risk and the resultant basis for classification of exposures into various stages. For samples of exposures, we assessed the appropriateness of the Group's staging.

For forward-looking assumptions used by the Group's management in its ECL calculations, we held discussions with management and corroborated the assumptions using publicly available information.

We selected samples of credit facilities and financing and investing assets and assessed the accuracy of the Exposure at Default (EAD), appropriateness of the Probability of Default (PD) and calculations of the Loss Given Default (LGD) used by management in their ECL calculations.

For exposures determined to be individually impaired, we tested samples of credit facilities, and examined management's estimate of future cash flows, assessed their reasonableness and assessed the resultant allowance calculations. Further, we challenged the estimates and assumptions used by management around the LGD calculation for individually impaired exposures by testing the enforceability and adequacy of valuation of underlying collaterals and estimated recovery on default.

We also, assessed the accuracy of disclosures in the consolidated financial statements to determine if they were in compliance with the requirements of IFRSs.

We obtained an understanding of the amendments made by the Group to the expected credit loss calculation as a result of the COVID-19 pandemic. We assessed those amendments by evaluating the model adjustments in relation to macroeconomic factors and forward-looking scenarios, which were incorporated into the impairment calculations, by utilizing our internal specialists to challenge the chosen scenarios and weights applied to capture non-linear losses.

We determined if the amount recorded as the allowance for expected credit losses was determined in accordance with the instructions of the Central Bank of Jordan.

Key Audit Matters	How Our Audit Addressed the Key Audit Matter
from the pandemic, the temporary effects of the bank and government led payment support programs, which may not completely mitigate future losses, and the impacts to particularly vulnerable sectors affected by COVID-19. The Bank made amendments to the expected credit loss calculation models (including management overlays) to take into consideration the potential impact of the COVID 19 pandemic to address the impact on certain sectors or specific customers based on relative cash flow forecasts.	We tested, utilizing our internal IT specialists, the IT application used in the credit impairment process and have verified the integrity of data used as input to the models, including the transfer of data between source systems and the impairment models. We have evaluated system-based and manual controls over the recognition and measurement of the allowance for expected credit loss, including the consideration of the economic disruptions caused by COVID 19.
IT systems and controls over financial reporting	
We identified IT systems and controls over the Bank's financial reporting as an area of focus due to the extensive volume and variety of transactions which are processed daily by the Bank and rely on the effective operation of automated and IT dependent manual controls. There is a risk that automated accounting procedures and related internal controls are not accurately designed and operating effectively. In particular, the incorporated relevant controls are essential to limit the potential for fraud and error as a result of change to an application or underlying data.	Our audit approach relies on automated controls, and therefore, the following procedures were designed to test access and control over IT systems: We tested IT general controls relevant to automated controls and computer-generated information covering access security, program changes, data center and network operations. We examined computer-generated information used in financial reports from relevant applications and key controls over their report logics. We performed testing on the key automated controls on significant IT systems relevant to business processes.

Other Information

Management is responsible for other information. The other information consists of information provided in the annual report other than the consolidated financial statements and the related auditor's report. We expect that the annual report will be provided to us after the date of our report. Our opinion on the consolidated financial statements does not include other information, and we do not express any form of assurance or conclusion thereon.

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the Central Bank of Jordan. and for such internal control as management determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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

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

- Obtain sufficient and appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group ("The Company and its subsidiaries") to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and implementation of the Group's 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 communicate with them about all relationships and other matters that may reasonably be thought to bear on our independence, and, where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

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

Deloitte & Touche

Amman – Jordan
February 28, 2021

Deloitte & Touche (M.E.) – Jordan

Deloitte & Touche (M.E.)
ديلويت آند توش (الشرق الأوسط)
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ARAB BANKING CORPORATION (JORDAN)

(PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	December 31, 2020	December 31, 2019
		JD	JD
Assets:			
Cash and balances at the Central Bank of Jordan	5	52,217,487	68,048,129
Balances at banks and financial institutions	6	89,979,061	59,257,664
Deposits at banks and financial institutions	7	7,343,135	2,603,874
Direct credit facilities-net	8	649,941,932	621,003,454
Financial assets at fair value through other comprehensive income	9	135,570,467	148,822,213
Financial assets at amortized cost	10	126,843,748	137,461,461
Financial assets at amortized cost - Mortgaged	11	62,631,159	35,012,800
Property and equipment - net	12	30,037,561	22,459,789
Intangible assets - net	13	1,519,806	1,699,611
Right of use assets	14	2,844,640	3,357,169
Deferred tax assets	21/B	9,226,618	7,078,498
Other assets	15	15,445,012	32,254,803
Total Assets		1,183,600,626	1,139,059,465
Liabilities and Owners' Equity			
Liabilities:			
Banks and financial institutions deposits	16	157,160,531	170,016,352
Customers' deposits	17	684,291,947	666,361,035
Margin accounts	18	51,320,703	49,424,077
Loans and borrowings	19	93,484,141	57,866,314
Sundry provisions	20	3,545,381	3,440,448
Income tax provision	21/A	6,456,452	2,478,661
Deferred tax liabilities	21/B	3,076,163	1,977,939
Lease contracts liabilities	14	2,755,325	3,223,659
Other liabilities	22	21,633,675	27,378,684
TOTAL LIABILITIES		1,023,724,318	982,167,169
Owners' Equity			
Bank shareholders' equity:			
Issued and paid-in capital	23	110,000,000	110,000,000
Additional paid-in capital	23	66,943	66,943
Statutory reserve		28,379,747	27,958,998
Voluntary reserve	24	197,281	197,281
Fair value reserve	25	4,705,107	2,943,308
Retained earnings	26	16,527,230	15,725,766
TOTAL OWNERS' EQUITY		159,876,308	156,892,296
TOTAL LIABILITIES AND OWNERS' EQUITY		1,183,600,626	1,139,059,465

THE ACCOMPANYING NOTES FROM (1) TO (47) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE AUDIT REPORT.

ARAB BANKING CORPORATION (JORDAN)

(PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	For the Year Ended December 31, 2020	2019
		JD	JD
Interest income	28	62,282,196	71,372,525
Interest expense	29	(28,504,057)	(38,344,004)
Net Interest Income		33,778,139	33,028,521
Net commission income	30	3,335,686	3,561,461
Net Interest and Commission Income		37,113,825	36,589,982
Gain from foreign currencies	31	826,498	1,036,187
Gains from financial assets at fair value through other comprehensive income	32	31,875	43,435
Other income - Net	33	3,464,660	3,812,104
Total Income		41,436,858	41,481,708
Employees' expenses	34	13,335,076	13,569,571
Depreciation and amortization	12, 13, 14	2,356,293	2,465,579
Other expenses	35	7,828,465	7,431,139
Provision for expected credit loss on financial assets	27	13,115,650	12,389,882
(Surplus) Impairment provision for assets seized by the Bank	15	-	(503,303)
Sundry provisions	20	593,884	2,673,222
Total expenses		37,229,368	38,026,090
Profit for the period before income tax expense		4,207,490	3,455,618
Income tax expense	21/A	(2,985,277)	(1,520,344)
Profit for the Year		1,222,213	1,935,274
		Fills/JD	Fills/JD
Basic and diluted earnings per share for the period attributable to the Bank's Shareholders	36	0.011	0.018

THE ACCOMPANYING NOTES FROM (1) TO (47) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE AUDIT REPORT.

ARAB BANKING CORPORATION (JORDAN)

(PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the Year Ended December 31,	
	2020	2019
	JD	JD
Profit for the period	1,222,213	1,935,274
Other comprehensive income items which may be reclassified to profit or loss in the subsequent period:		
Net Change in valuation reserve of financial assets at fair value through comprehensive income after tax – Debt Instruments	1,649,183	3,286,076
(Loss) in the fair value of derivatives	(109,197)	(100,136)
Items not to be subsequently transferred to statement of profit or loss:		
Net Change in valuation reserve of financial assets at fair value through comprehensive income after tax – Equity Instruments	221,813	(165,484)
Total Comprehensive Income for the Period	2,984,012	4,955,730

THE ACCOMPANYING NOTES FROM (1) TO (47) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE AUDIT REPORT.

ARAB BANKING CORPORATION (JORDAN)

(PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

	Issued and Paid-in Capital	Additional Paid-in Capital	Reserves			Retained Earnings	Total
			Statutory	Voluntary	Fair Value		
For the Year Ended December 31, 2020	JD	JD	JD	JD	JD	JD	JD
Beginning balance for the year	110,000,000	66,943	27,958,998	197,281	2,943,308	15,725,766	156,892,296
Transferred to reserves	-	-	420,749	-	-	(420,749)	-
Total Comprehensive Income	-	-	-	-	1,761,799	1,222,213	2,984,012
Ending Balance for the Year	110,000,000	66,943	28,379,747	197,281	4,705,107	16,527,230	159,876,308
For the Year Ended December 31, 2019							
Beginning balance for the year	110,000,000	66,943	27,613,436	197,281	(77,148)	22,378,254	160,178,766
Transferred to reserves	-	-	345,562	-	-	(345,562)	-
Dividends paid	-	-	-	-	-	(8,250,000)	(8,250,000)
Gain from the sale of financial assets	-	-	-	-	-	7,800	7,800
Total Comprehensive Income	-	-	-	-	3,020,456	1,935,274	4,955,730
Ending Balance for the Year	110,000,000	66,943	27,958,998	197,281	2,943,308	15,725,766	156,892,296

- An amount of JD 9,226,618 as of December 31, 2020 is restricted from retained earnings (JD 7,078,498 as of December 31, 2019), which represents deferred tax assets, which represents the negative fair value reserve according to the instructions of the Jordan Securities Commission and the Central Bank of Jordan . instructions.

- Included in retained earnings is an amount of JD 2,761 as of December 31, 2020 (JD 2,761 as of December 31, 2019) which is restricted, representing the effect of IFRS (9) early adoption, except for the amounts realized through the actual sale.

THE ACCOMPANYING NOTES FROM (1) TO (47) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE AUDIT REPORT.

ARAB BANKING CORPORATION (JORDAN)

PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the Year Ended December 31, 2020	2019
Operating Activities:		JD	JD
Profit before income tax		4,207,490	3,455,618
Adjustments for non-cash items			
Depreciation and amortization	12,13,14	2,356,293	2,465,579
Provision for expected credit loss on financial assets	27	13,115,650	12,389,882
Impairment provision for assets seized by the Bank	15	-	(503,303)
(Gain) Realized from sale of financial assets at fair value through other comprehensive income		-	(8,150)
(Gain) from sale of assets seized by the Bank		(34,630)	(995)
Accrued Interests		(4,296,516)	733,269
Loss (gain) from disposed-of property and equipment		4,929	(3,648)
Sundry provisions expense		593,884	2,673,222
Provisions of lands prepared for sale		153,116	-
Exchange rate fluctuation effect on cash and cash equivalents		(349,724)	(556,809)
Cash flows from operating activities before changes in assets and liabilities		15,750,492	20,644,665
Changes in assets and liabilities:			
(Increase) decrease in deposits at banks and financial Institutions maturing after three months		(4,739,261)	25,352,161
(Increase) in direct credit facilities		(42,334,381)	(19,341,737)
Decrease (increase) in other assets		17,295,151	(3,727,607)
Increase in customers' deposits		17,930,912	18,842,846
Increase (decrease) in margin accounts		1,896,626	(2,110,614)
(Decrease) increase in other liabilities		(2,508,123)	6,080,259
Net Cash Flows from Operating Activities before income tax		3,291,416	45,739,973
Income tax paid	21	(1,137,194)	(4,598,033)
Sundry provisions paid	20	(488,952)	-
Net Cash Flows from Operating Activities		1,665,270	41,141,940
Investing Activities			
(Purchase) of financial assets at fair value through comprehensive income		(13,140,711)	(58,749,277)
Matured and Sale of financial assets at fair value through comprehensive income		29,421,630	19,311,109
(Purchase) of financial assets at amortized cost	10	(54,043,169)	(56,565,053)
Matured and sale financial assets at amortized cost	10	64,651,143	97,022,825
(Purchase) of property and equipment		(8,850,638)	(6,458,688)
Proceeds from sale of property and equipment		321	7,162
(Increase) decrease in financial assets at amortized cost - mortgaged		(27,618,359)	5,348
(Increase) of intangible assets		(262,020)	(646,843)
Net Cash Flow (used in) Investing Activities		(9,841,803)	(6,073,417)
Financing Activities			
Dividends paid to shareholders		(16,655)	(8,275,007)
Increase (decrease) in borrowing funds		35,617,827	(21,264,162)
Net Cash Flows from (used in) Financing Activities		35,601,172	(29,539,169)
Net Increase in cash and cash equivalents		27,424,639	5,529,354
Effect of the change in exchange rates on cash and cash equivalents		349,724	556,809
Cash and cash equivalents - Beginning of the year		(42,703,306)	(48,789,469)
Cash and cash equivalents - Ending of the Year	37	(14,928,943)	(42,703,306)

THE ACCOMPANYING NOTES FROM (1) TO (47) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE AUDIT REPORT.

1. General Information

Arab Banking Corporation (Jordan) was established as a public shareholding company on 21 January 1990, in accordance with the Companies Law No (1) of 1989, with headquarters in Amman.

The Bank provides banking services through its head office in Amman and its 26 branches in Jordan and the subsidiary company.

The Bank's shares are listed on Amman Stock Exchange.

The financial statements of the Bank and its subsidiary "the Group" are consolidated in the Arab Banking Corporation – Bahrain financial statements.

The Group's Board of Directors approved the consolidated financial statements for issuance on February 23, 2021. These financial statements are subject to the approval of the General Assembly of Shareholders.

2. Significant Accounting Policies:

Basis of Preparation

- The accompanying consolidated financial statements of the Bank and its subsidiary are prepared in accordance with the International Accounting Standards Board (IASB), the interpretations issued by the International Financial Reporting Interpretation Committee of the IASB, the prevailing rules of the countries where the Bank operates, and the instructions of the Central Bank of Jordan.

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

a. Provisions for expected credit losses are calculated in accordance with IFRS (9) and the Central Bank of Jordan's, whichever is tougher. The material differences are as follows:

- Elimination of debt instruments issued or granted by the Jordanian government so that credit exposures are resolved on the Jordanian Government and by its guarantee without credit losses.
- When calculating the credit losses against credit exposures, the calculation results according to IFRS 9 are compared with those according to the Central Bank of Jordan's Instructions No. (2009/47) dated December 10, 2009 for each stage separately. The tougher results are adopted.

b. Interest and commissions on non-performing credit facilities granted to clients are suspended, in accordance with the instructions of the Central Bank of Jordan.

- Assets seized by the Bank are shown in the consolidated statement of financial position, among other assets, at their current value when seized by the Bank or at their fair value, whichever is lower. Furthermore, they are reassessed on the date of the consolidated financial statements separately, and any decrease in value is recorded in the consolidated statement of profit or loss while any increase in value is not recorded as revenue. In addition, any subsequent increase is taken to the statement of profit or loss to the extent of not exceeding the previously recorded value. As of the beginning of the year 2015, a gradual provision has been taken for real estate acquired in exchange for debts and whose acquisition has exceeded 4 years, according to the Central Bank of Jordan's Circular No 15/1/4076 dated March 27, 2014 and Circular No. 10/1/2510 dated February 14, 2017. In this respect, the Central Bank of Jordan has issued Circular No. 10/1/13967 dated October 25, 2018, approving the extension of Circular No. 10/1/16607 dated December 17, 2017, and confirming postponement of the calculation of the provision until the end of the year 2019. According to the Central Bank of Jordan's Circular No. 10/1/16239 dated November 21, 2019, deduction of the required provisions against the acquired real estate will continue at a rate of 5% of the total book value of these properties (regardless of the violation period) from the year of 2021 until the required percentage is reached (50% of these properties 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 neighboring countries.

- The consolidated financial statements are prepared under the historical cost convention, except for financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, and financial derivatives stated at fair value as of the date of the consolidated financial statements. Furthermore, hedged financial assets and financial liabilities are stated at fair value.

- The reporting currency of the consolidated financial statements is the Jordanian Dinar, which is the functional currency of the Bank.

- The accounting policies adopted in preparing the consolidated financial statements are consistent with those applied in the year ended December 31, 2019, except for the effect of what is stated in Note (3 – a & 3 – b).

- <u>Basis of Consolidation of the Financial Statements</u>
- The accompanying consolidated financial statements include the financial statements of the Bank and the subsidiary under its control. Moreover, control is achieved when the Bank has the ability to control the investee company, the company is exposed to variable returns or has rights to participate in the investee company, and the Bank is able to use its authority over the investee company, which affects its revenue.

- The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.

- When the Bank has less than the majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

  In this regard, the Bank considers all relevant facts and circumstances in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power, including:

  - The size of the Bank's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
  - Potential voting rights held by the Bank;
  - Rights arising from other contractual arrangements; and
  - Any additional facts and circumstances that indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

- Transactions, balances, revenues and expenses are eliminated between the Bank and the subsidiary.

- The financial statements of the subsidiary are prepared for the same financial year, using the same accounting policies adopted by the Bank. If the accounting policies adopted by the company are different from those used by the Bank, the necessary adjustments to the financial statements of the subsidiary are made to comply with the accounting policies followed by the Bank.

- The results of the subsidiary are incorporated into the consolidated statement of Profit or Loss from the effective date of acquisition, which is the date on which actual control over the subsidiaries is assumed by the Bank. Moreover, the operating results of the disposed-of subsidiary are incorporated into the consolidated statement of Profit or Loss up to the effective date of disposal, which is the date on which the Bank loses control over its subsidiary.

- Non-controlling interests represent that part of the equity that is not owned by the Bank. Non-controlling interests in the net assets of the subsidiary are presented separately in the Bank's statement of equity.

  The Bank's subsidiary as of December 31, 2020 represents the following:

- <u>Arab Co-operation for Financial Investments (ABCI)</u>

  Arab Co-operation for Financial Investments is wholly owned by the Bank, and its objective is to carry out brokerage investments on behalf of its clients, in addition to providing financial consultation services on stock exchange investing. Its paid-up capital amounted to JD 15,600,000, total assets to JD 39,196,111 and total liabilities to JD 14,830,599 as at December 31, 2020. Moreover, its total revenues amounted to JD 3,997,228 and total expenses to JD 2,251,924, for the year ended December 31, 2020 , before excluding any transactions, balances, revenue, and expenses between the Company and the Bank.

Control is achieved when the Bank:

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

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.

When the Bank has less than the majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

In this regard, the Bank considers all relevant facts and circumstances in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power, including:

- The size of the Bank's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Bank, other vote holders, or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

When the Bank loses control of the subsidiary, the Bank performs the following:

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

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

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

Segment Information

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

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

Net Interest Income

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

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

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 amortized cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortized cost of financial liabilities. For credit-impaired financial assets, the interest income is calculated by applying the EIR to the amortized cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)).

For financial assets originated or purchased credit-impaired (POCI), the EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset.

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

Net commission income

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

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

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

The presentation of dividend income in the consolidated statement of Profit or Loss depends on the classification and measurement of the equity investment:

- For equity instruments which are held for trading, dividend income is presented in the statement of Profit or loss within gain (loss) of the financial assets at fair value through profit or loss;
- For equity instruments designated at fair value through other comprehensive income, dividend income is presented in the statement of Profit or loss within dividends from financial assets through OCI; and
- For equity instruments not designated at fair value through other comprehensive income and not held for trading, dividend income is presented as net income from other instruments at fair value through the statement of Profit or Loss.

Financial Instruments
Initial Recognition and measurement:
Financial assets and financial liabilities are recognized in the Bank's consolidated statement of financial position when the Bank becomes a party to the contractual provisions of the instrument, customers loans and facilities are recognized once they are recorded to the customers account.

Recognized financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through the statement of Profit or Loss) are added to, or deducted from, the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through the statement of Profit or Loss are recognized immediately in profit or loss.

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

- If fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognized in the statement of Profit or Loss on initial recognition (i.e. day 1 profit or loss);and

- In all other cases, the fair value will be adjusted to bring it in line 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 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 when derecognizing the instruments.

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

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

- Debt instruments held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortized cost;

- Debt instruments held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at fair value through other comprehensive income; and

- All other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at fair value through the statement of Profit or Loss.

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

- The Bank may irrevocably select to present subsequent changes in fair value of an equity investment that is neither held for trading nor for contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, in other comprehensive income; and

- The Bank may irrevocably designate a debt instrument that meets the amortized cost or fair value through other comprehensive income criteria as measured at fair value through the statement of Profit or Loss, if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

Debt Instruments at Amortized Cost or at Fair Value through Other Comprehensive Income
The Bank assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Bank's business model for managing the asset.

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

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

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

Assessment of Business Models
An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. In this regard, 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. Furthermore, the Bank's business model does not depend on management's intentions for an individual instrument; therefore, the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

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

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

- The stated policies and objectives of the portfolio and application of those policies whether the management strategy focuses on obtaining contractual revenues, maintaining specific profit rate, and matching the profit of financial assets with the period of financial liabilities that finance those assets;

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and

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

At initial recognition of a financial asset, the Bank determines whether newly recognized financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Bank reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period, the Bank has not identified any change in its business models.

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

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

Financial Assets at Fair Value through the Statement of Profit or Loss
Financial assets at fair value through the statement of Profit or Loss are:

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

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

Reclassifications
If the business model under which the Bank holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model, which results in reclassifying the Bank's financial assets. During the current financial year and previous accounting period, there has been no change in the business model under which the Bank holds financial assets; and therefore, no reclassifications have been made. The changes in the contractual cash flows are considered under the accounting policy on the modification and de-recognition of financial assets described below.

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

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

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

- If the selection leads to an accounting mismatch;

- If the financial liabilities are part of a portfolio managed on a fair value basis, according to a documented risk management or investment strategy; or

- If there is a derivative included in the primary financial or non-financial contract, and the derivative is not closely related to the primary contract.

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

Impairment
The Bank recognizes loss allowances for expected credit losses on the following financial instruments that are not measured at fair value through the statement of Profit or Loss:
- Balances and deposits at banks and financial institutions.
- Direct credit facilities (loans and advances to customers).
- Financial assets at amortized cost (debt instruments securities).
- Financial assets at fair value through other comprehensive income.
- Off-statement of financial position exposures subject to credit risk (financial guarantee contracts issued).

No impairment loss is recognized on equity investments.

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

- 12-month ECL, i.e. lifetime ECL that results from those default events on the financial instrument that are possible to happen within 12 months after the reporting date (referred to as Stage 1); or

- 12-month ECL, i.e. lifetime ECL that results from all possible default events over the life of the financial instrument (referred to as Stage 2 and Stage 3).

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

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

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

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

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

When calculating ECL against exposures, the calculation results as per IFRS (9) are compared with those according to the Central Bank of Jordan's Instructions No. (47/2009) dated December 10, 2009 for each stage separately. Moreover, the most severe results are taken, and the debt instruments issued by the Jordanian government or guaranteed by it, in addition to any other credit exposures with the Jordanian government or guaranteed by it, are excluded from the calculation.

Credit-impaired Financial Assets

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

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

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

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

Purchased or Originated Credit-impaired (POCI) Financial Assets

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

Definition of Default

Critical to the determination of ECL is the definition of default. 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 ECLs and the identification of a significant increase in credit risk below.

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

- The borrower is past-due more than 90 days on any material credit obligation to the Bank; or

- The borrower is unlikely to pay its credit obligations to the Bank in full.

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

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

Significant Increase in Credit Risk

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

The Bank does not consider that the financial assets with 'low' credit risk at the reporting date does not have had a significant increase in credit risk. As a result, the Bank monitors all financial assets, issued loan commitments, and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

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

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

For corporate lending, forward-looking information includes the future prospects of the industries in which the Bank's counterparties operate, and in which it is obtained from the economic experts reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations. In addition, various internal and external sources of actual and forecast economic information are considered. For retail lending, 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 behavior. The Bank allocates its counterparties to a relevant internal credit risk grade depending on their credit quality. The quantitative information is a primary indicator of a significant increase in credit risk and is based on the change in lifetime PD by comparing:

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

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

The qualitative factors that indicate a significant increase in credit risk are reflected in PD models on a timely basis. However, the Bank still considers some qualitative factors separately to assess if credit risk has increased significantly. For corporate lending, there is a particular focus on assets included in the 'watch list'. An exposure is watch-listed once there is concern that the creditworthiness of the specific counterparty has deteriorated. For retail lending, the Bank considers the expectation of default in payment periods and forbearance of its non-occurrence, 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 for a financial instrument with a higher PD.

As a back-stop when an asset's maturity exceeds (30) days, 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 a lifetime expected credit loss (ECL) balance.

Modification and Derecognition of Financial Assets

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

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

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

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

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

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

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

For financial assets modified as part of the Bank's forbearance policy, where modification did not result in derecognition, the estimate of PD reflects the Bank's ability to collect the modified cash flows taking into account the Bank's previous experience of similar forbearance action, as well as various behavioral indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition, the loss allowance will continue to be measured at an amount equal to lifetime 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 behavior following modification leading to a reversal of the previous significant increase in credit risk. Where a modification does not lead to derecognition, the Bank calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the 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 derecognizes a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognizes its retained interest in the asset and an associated liability for the amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognize the financial asset and any collateralized borrowing for the proceeds received.

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

Write-off

Financial assets are written off when the Bank has no reasonable expectations of recovering them, such as failure by the customer to participate in a payment plan with the Bank. Moreover, the Bank classifies funds or amounts due to be written off after all possible means of payment have been exhausted. However, if the financing is/receivables are written off, the Bank continues its enforcement activity in an attempt to recover the due receivables, which are recognized in the consolidated statement of Profit or Loss upon recovery.

Presentation of Allowance for ECL in the Consolidated Statement of Financial Position

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

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

Financial Liabilities and Equity

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

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

Equity Instruments

Paid-up Capital

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

Treasury Shares

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

Compound Instruments

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

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

Financial Liabilities

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

Financial liabilities at Fair Value through the Statement of Profit or Loss

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

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

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

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

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

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

For issued loan commitments and financial guarantee contracts designated as at fair value through profit or loss, all gains and losses are recognized in profit or loss.

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

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

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

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

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

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

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

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

Embedded Derivatives

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

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

Financial Guarantee Contracts

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

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

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

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

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

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

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

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

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

The Bank has not designated any commitments to provide a loan below market rate designated at fair value through profit or loss.

Hedge Accounting

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

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

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

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

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

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

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

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

The fair values of the derivative instruments used for hedging purposes and movements in the hedging reserve are determined in equity.

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

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

Where hedging gains/losses are recognized in profit or loss, they are recognized in the same line as the hedged item.

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

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

Amounts previously recognized in OCI and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. If the Bank no longer expects the transaction to occur, that amount is immediately reclassified to profit or loss.

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

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

Property and Equipment

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

The depreciation rates used are as follows:

	%
Buildings	2 – 15
Equipment, furniture and fixtures	9 – 20
Vehicles	15
Computer	9 – 25
Lease Hold Improvement	9 – 10

When the recoverable amount of any property and equipment is less than its net book value, its carrying amount is written down to its recoverable amount, and the amount of impairment is recognized in the consolidated statement of Profit or Loss.

The useful life of property and equipment is reviewed at each year-end, and changes in the expected useful life are treated as changes in accounting estimates.

An item of property and equipment is derecognized upon disposal, or when no future economic benefits are expected from its use or disposal.

Projects under construction include the value of the work in progress and the expenses of the related departments, and they are charged with their related direct costs and the costs deferred until completion of the project.

Payments for the purchase of property and equipment.

Fair value

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

In addition, fair value measurements are classified for the purposes of financial reporting to levels (1), (2) or (3) based on the extent to which the inputs are clear concerning the fair value measurements and the importance of inputs to the full fair value measurements. These are as follows:

Level (1) inputs:	Inputs derived from quoted (unadjusted) prices of identical assets or liabilities in active markets that an enterprise can obtain on the measurement date;
Level (2) inputs:	Inputs derived from data other than quoted prices used at level (1) and observable for assets or liabilities, either directly or indirectly; and
Level (3) inputs:	Inputs to assets or liabilities that are not based on observable market prices.

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

<u>Income Tax</u>
Tax expense comprises of current tax and deferred taxes.

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

Tax is calculated based on tax rates and laws that are applicable in the Hashemite Kingdom of Jordan.

Deferred tax is the tax expected to be paid or recovered due to temporary differences between the assets or liabilities in the consolidated financial statements and the value on which the tax profit is calculated. Deferred taxes are calculated using the commitment method of the consolidated statement of financial position. Deferred taxes are calculated based on the tax rates expected to be applied when the tax liability is settled or the deferred tax asset is realized.

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

<u>Paid-up Capital</u>
<u>Cost of issuing or purchasing Bank's shares</u>
Any costs arising from the issue or purchase of the Bank's shares are charged to retained earnings net of the tax effect of such costs, if any. If the issuance or purchase process is not completed, these costs are recognized as an expense in the consolidated statement of Profit or Loss.

Managed Accounts for Customers

The accounts managed by the Bank on behalf of the customers are not considered assets of the Bank. Fees and commissions for managing such accounts are presented in the consolidated statement of Profit or Loss. A provision is booked for impairment of portfolios that are managed for the benefit of customers on their capital.

Offsetting

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

Revenue Recognition and Recognition of Expenses

Income and expense recognition are recognized on an accrual basis except of the interest and commission on non-performing credit facilities that are not recognized as income and are credited to suspended interest and commissions.

Commissions are recognized as a revenue when rendering related services, and the companies' shares earnings are recognized when realized (Approved by the General Assembly of Shareholders).

Date of Recognition of Financial Assets

The purchase and sale of financial assets are recognized on the trade date (date of the Bank's commitment to sell or buy financial assets).

Financial Derivatives and Hedge Accounting

Hedge Financial Derivatives

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

- **Fair value hedges:** These represent hedging the risk of the change in the fair value of the Bank's assets and liabilities.

  In case the effective fair value hedges are effective, profits and losses arising from the valuation of a hedging instrument at fair value, and from the change in the fair value of the hedged asset or liability, are recognized in the consolidated statement of Profit or Loss.

  In the case of effective portfolio hedge conditions, profits or losses arising from revaluation of the hedging instrument are recognized at fair value, and the fair value of the asset or liability portfolio is recognized in the consolidated statement of Profit or Loss in the same period.

- **Cash flows hedges:** These represent hedging the risk of the changes in the cash flows of the Bank's current and expected assets and liabilities.

  In the case of effective cash flow hedge conditions, the profits or losses on a hedging instrument is recognized in the consolidated statement of comprehensive income and in equity, and is transferred to the consolidated statement of Profit or Loss in the period in which the hedged transaction affects the consolidated statement of Profit or Loss.

Hedging for net investment in foreign units:

In case hedge conditions apply to net investment in foreign units, the fair value of the hedging instrument is measured against the hedged net assets. If the relationship is effective, the effective portion of the profits or losses on the hedging instrument is recognized in the consolidated statement of comprehensive income and in shareholders' equity, and the ineffective portion is recognized in the consolidated statement of Profit or Loss. Moreover, the effective portion is recognized in the consolidated statement of Profit or Loss when the investment in the foreign investee is sold.

- For hedges that do not qualify for effective hedging, gains or losses arising from changes in the fair value of the hedging instrument are recognized in the consolidated statement of Profit or Loss in the same period.

Derivatives for Trading

The fair value of derivative financial instruments held for trading (such as future foreign exchange contracts, future interest contracts, swaps contracts, foreign exchange rate option rights) is recognized in the consolidated statement of financial position. Moreover, fair value is determined at the prevailing market prices. If these prices are not available, the assessment method should be mentioned, and the amount of changes in fair value should be recognized in the consolidated statement of Profit or Loss.

Repurchase and Resale Agreements

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

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

Assets Seized by the Bank

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

Since the beginning of 2015, a gradual provision has been taken for real estate acquired in exchange for debts and whose acquisition has exceeded 4 years, pursuant to the Central Bank of Jordan's Circular No 15/1/4076 dated March 27, 2014 and Circular No. 10/1/2510 dated February 14, 2017. Moreover, the Central Bank of Jordan has issued Circular No. 10/1/13967 dated October 25, 2018, approving the extension of Circular No. 10/1/16607 dated December 17, 2017, in which it confirmed postponement of the calculation of the allowance until the end of the year 2019. Pursuant to the Central Bank of Jordan's Circular No. 10/1/16239 dated November 21, 2019, deductions shall be made for the provisions required against the seized real estate at a rate of 5% from the total book value of these properties (regardless of the violation period) starting from the year 2021 until the required percentage has been reached, i.e. 50% of the value of these properties by the end of the year 2029.

Intangible Assets

- Intangible assets acquired through business combinations are recorded at their fair value on that date. Other intangible assets are measured on initial recognition at cost.

- Intangible assets are classified based on the assessment of their useful life to definite and indefinite lives. Intangible assets with definite lives are amortized over their useful economic life, while intangible assets with indefinite useful lives are assessed for impairment at each reporting date, and impairment loss is charged to the consolidated Profit or Loss statement.

- Internally generated intangible assets are not capitalized, but rather expensed in the consolidated Profit or Loss statement.

- Indications of impairment of intangible assets are reviewed, and their useful economic lives are reassessed at each reporting date. Adjustments are reflected in the current and subsequent periods.

- Other intangible assets consist of computer software, and key-money is amortized using the straight -line method at an annual rate of 20%.

Foreign Currencies

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

The stand-alone financial statements of the Bank's subsidiaries are prepared. Moreover, the stand-alone financial statements of each entity of the Group are presented in the functional currency with which it operates. Transactions in currencies other than the functional currency of the Bank are recorded at the rates of exchange prevailing at the dates of those transactions. At the balance sheet date, financial assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at that date. Non-monetary items carried at fair value and denominated in foreign currencies are translated at the exchange rates at the date the fair value is determined. Non-monetary items measured at historical cost in a foreign currency are not reclassified.

Exchange differences are recognized in the consolidated statement of Profit or Loss in the period in which they arise except for:

- Foreign exchange differences on transactions made in order to hedge foreign exchange risk.

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

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

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

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

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

Lease Contracts
The Bank as a Lessee
The Bank assesses whether the contract contains lease when starting the contract. Moreover, the Bank recognizes the right-of-use assets and the corresponding lease obligations in relation to all lease arrangements to which the lessee is a party, except for short-term lease contracts (defined as leases of 12 months or less) and low-value asset leases. For these contracts, the Bank recognizes the lease payments as an operating expense on a straight-line basis over the period of the lease, unless another regular basis is more representative of the time pattern in which the economic benefits from the leased assets are utilized.

The lease obligation is initially measured at the present value of the lease payments that were not paid on the start date of the lease, and is discounted using the price implicit in the lease. If this rate cannot be easily determined, the Bank uses its additional expected rate.

The lease payments included in the rental obligation measurement include:

- Fixed rental payments (essentially including fixed payments), minus accrued receivable rental incentives;

- Variable rental payments that depend on an index or rate, initially measured using the indicator or the rate at the date the contract begins;

- The amount expected to be paid by the lessee under the residual value guarantees;

- The price of the exercise of purchase options, if the lessee is reasonably certain of the exercise of the options; and

- Payment of the contract termination fines, if the lease reflects the exercise of the lease termination option.

Rental obligations are presented as a separate note in the consolidated statement of financial position.

Subsequently, lease obligations are measured by increasing the book value to reflect the interest in the rental obligations (using the effective interest method) and by reducing the book value to reflect the rental payments paid.

The lease obligations (and a similar adjustment to the related right-of-use assets) are re-measured whenever:

- The lease term has changed, or there is an event or important change in the conditions that lead to a change in the exercise of the purchase option assessment, in which case the lease obligations are re-measured by deducting the adjusted lease payment using the adjusted discount rate.

- Lease payments change due to changes in an index, rate, or change in expected payments under the guaranteed residual value, in which cases the lease obligation is re-measured by deducting the modified rental payments using a non-variable discount rate (unless the rental payments change due to a change in the floating interest rate. In this case, the adjusted discount rate is used.

- The lease contract is adjusted, and the lease amendment is not accounted for as a separate lease, in which case the lease obligation is re-measured based on the duration of the adjusted lease contract by deducting the adjusted rental payments, using the adjusted discount rate at the actual price at the date of the amendment.

The right-of-use assets are depreciated over the life of the lease or the useful life of the asset (whichever is shorter). If the lease contract transfers the ownership of the underlying asset or the cost of the right to use, which reflects that the company expects to exercise the purchase option, then the relevant value of the right to use is depreciated over the useful life of the asset. Depreciation begins on the date the commencement of the lease.

The right-of-use assets are presented as a separate note in the consolidated statement of financial position.

The Bank applies International Accounting Standard (36) to determine whether the value of the right to use has decreased its value and calculates any impairment losses as described in the policy of "property and equipment".
Variable rents that are not dependent on an index or rate are not included in the measurement of lease obligations and right-of-use assets. Related payments are recognized as an expense in the period in which the event or condition that leads to these payments occurs and are included in "Other Expenditures" in the statement of profit or loss.

<u>The Bank as a Lessor</u>
The Bank enters into lease contracts as a lessor regarding some investment properties.

Leases in which the Bank is a lessor are classified as operating or finance leases. In the event that the terms of the lease contract transfer all risks and rewards of ownership to the lessee, the contract is classified as a finance lease, and all other leases are classified as operating leases.

When the Bank is an intermediary lessor, it represents the main lease and sub-contract as two separate contracts. The sublease contract is classified as a finance or operating lease by reference to the original right of use arising from the main lease.

Rental income from operating leases is recognized on a straight-line basis over the period of the relevant lease. The primary direct costs incurred in negotiating and arranging an operating lease are added to the book value of the leased asset and are recognized on a straight-line basis over the lease term.

The amounts due from the lessee under finance leases are recognized as receivables with the amount of the company's net investment in the rental contracts. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Bank's existing net investment with respect to lease contracts.

When the contract includes leasing components and other components other than leasing, the Bank applies IFRS 15 to distribute the amounts received or to be received under the contract for each component.

<u>The Bank as a Lessor</u>
Under finance lease contracts, the amounts due from the lessee are recognized as receivables at the net investment amount in the lease contracts. Moreover, the finance lease income is allocated to accounting periods to reflect a constant periodic return on the net investment as regards rental leases.

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

<u>The Bank as a Lessee</u>
Assets acquired through leases are recognized on initial recognition at their fair value at the inception of the lease or at the present value of the minimum lease payments, whichever is lower. Financial leasing liabilities are recorded at the same value. These obligations are presented in the statement of financial position as finance lease liabilities.

The lease payments are distributed between the financing expenses and the decreasing of the financial lease liabilities in order to achieve a fixed rate of interest on the remaining balance of the lease liabilities. Direct financing expenses are recognized in the consolidated statement of profit or loss.

Operating lease payments are recognized as an expense on a straight-line basis over the life of the lease, except in situations there is another regular basis that is more representative of the time pattern in which the economic benefits are utilized from the leased asset. Moreover, contingent lease payments arising from operating leases are recognized as an expense in the period in which they are incurred. In the event that lease incentives are received to enter into an operating lease, these incentives are recognized as an obligation. The overall interest of incentives is recognized as a reduction in the lease expense on a straight-line basis, unless there is a systematic basis that is more representative of the time pattern in which economic benefits from the leased assets are utilized.

<u>Cash and Cash Equivalents</u>
Cash and cash equivalents comprise cash on hand and cash balances with central banks and balances with banks and financial institutions that mature within three months, less banks' and financial institutions' deposits that mature within three months and restricted balances.

3. Application of New and Amended International Financial Reporting Standards

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

The following new and revised IFRSs, which are effective for annual periods beginning on or after January 1, 2020 or later, have been adopted in the preparation of the Bank's consolidated financial statements. These new and revised IFRSs have not materially affected the amounts and disclosures in the consolidated financial statements for the year and prior years, which may have an impact on the accounting treatment of future transactions and arrangements:

New and revised standards	Amendments to new and revised IFRSs
Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments Disclosures relating to interest rate benchmark reform	The changes modify specific hedge accounting requirements so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform; The changes are not intended to provide relief from any other consequences arising from interest rate benchmark reform (if a hedging relationship no longer meets the requirements for hedge accounting for reasons other than those specified by the amendments, discontinuation of hedge accounting is required); and The changes require specific disclosures about the extent to which the entities' hedging relationships are affected by the amendments.
Amendment to IFRS 3 Business Combinations relating to definition of a business	The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They: • clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; • narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; • add guidance and illustrative examples to help entities assess whether a substantive process has been acquired; • remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and • add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

New and revised standards	Amendments to new and revised IFRSs
Amendments to References to the Conceptual Framework in IFRS Standards - amendments to IFRS 2 Share-based payment, IFRS 3 Business Combinations, IFRS 6 Exploration for and Evaluation of Mineral Resources, IFRS 14 Regulatory Deferral Accounts, IAS 1 Presentation of Financial Statements, IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, IAS 34 Interim Financial Reporting, IAS 37 Provisions, Contingent Liabilities and Contingent Assets, IAS 38 Intangible Assets, IFRIC 12 Service Concession Arrangements, IFRIC 19 Extinguishing of Financial Liabilities with Equity Instruments, IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine, IFRIC 22 Foreign Currency Transactions and Advance Consideration, and SIC-32 Intangible Assets – Web Site Costs to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework	The Group has adopted the amendments to IFRS 2, IFRS 6, IFRS 15, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC 21 in the current year.
Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors relating to definition of material	Three new aspects of the new definition should especially be noted: • Obscuring. The existing definition only focused on omitting or misstating information, however, the Board concluded that obscuring material information with information that can be omitted can have a similar effect. Although the term obscuring is new in the definition, it was already part of IAS 1 (IAS 1.30A). • Could reasonably be expected to influence. The existing definition referred to 'could influence' which the Board felt might be understood as requiring too much information as almost anything 'could' influence the decisions of some users even if the possibility is remote. • Primary users. The existing definition referred only to 'users' which again the Board feared might be understood too broadly as requiring to consider all possible users of financial statements when deciding what information to disclose.
Amendments to IFRS 16 Leases relating to Covid-19-Related Rent Concessions	The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

b. New and revised IFRS in issue but not yet effective and not early adopted

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

New and revised standards	Effective for annual periods beginning on or after
Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases) The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.	January 1, 2021
Amendments to IFRS 3 Business Combinations relating to Reference to the Conceptual Framework The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.	January 1, 2022
Amendments to IAS 16 Property, Plant and Equipment relating to Proceeds before Intended Use The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.	January 1, 2022
Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets relating to Onerous Contracts - Cost of Fulfilling a Contract The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).	January 1, 2022
Annual Improvements to IFRS Standards 2018 – 2020 Makes amendments to the following standards: • IFRS 1 First-Time Adoption of International Financial Reporting Standards – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs. • IFRS 9 Financial Instruments – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. • IFRS 16 Leases – The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.	January 1, 2022

New and revised standards	Effective for annual periods beginning on or after
• IAS 41 Agriculture – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.	
Amendments to IAS 1 Presentation of Financial Statements relating to Classification of Liabilities as Current or Non-Current The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.	January 1, 2023
Amendments to IFRS 4 Insurance Contracts Extension of the Temporary Exemption from Applying IFRS 9 The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.	January 1, 2023
IFRS 17 Insurance Contracts IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2023.	January 1, 2023
Amendments to IFRS 17 *Insurance Contracts* Amends IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 Insurance Contracts was published in 2017. The main changes are: • Deferral of the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023. • Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk. • Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognised in a business acquired in a business combination. • Clarification of the application of IFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level. • Clarification of the application of contractual service margin (CSM) attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements. • Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives. • Amendments to require an entity that at initial recognition recognises losses on onerous insurance contracts issued to also recognise a gain on reinsurance contracts held. • Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts. • Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach.	January 1, 2023

New and revised standards	Effective for annual periods beginning on or after
Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures (2011)* relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture	Effective date deferred indefinitely. Adoption is still permitted.

Management expects to apply these new standards, interpretations, and amendments to the consolidated financial statements of the Bank when they are applicable. Moreover, the adoption of these new standards, interpretations, and amendments may have no material impact on the Bank's consolidated financial statements in the initial application period.

4. Significant Accounting Judgments and key Sources of Uncertainty Estimates

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

Judgments, estimates, and assumptions are reviewed periodically. Moreover, the effect of the change in estimates is recognized in the financial period in which the change occurs if the change affects only the financial period. On the other hand, the effect of the change in estimates is recognized in the financial period in which the change occurs and in future periods if the change affects the financial period and future financial periods. Management believes that its estimates in the consolidated financial statements are reasonable. The details are as follows:

Signification Judgement for the Implementation of the Bank's accounting policies

The following are the key judgements, other than the estimates (disclosed below), which has been used by the management in the implementation of the Bank's accounting policies that has a significant impact on the recognized amounts in the consolidated financial statements.

Evaluation of the business model

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

Significant increase in credit risk

The expected credit loss is measured as an allowance equivalent to the expected credit loss of 12 months for the assets of the first stage, or the credit loss over the life of the assets of the second or third stage. The asset moves to the second stage if credit risk increases significantly since initial recognition. IFRS (9) does not specify what constitutes a significant increase in credit risk. In assessing whether the credit risk of any asset has increased significantly, the Bank takes into account reasonable and reliable quantitative and qualitative information. The estimates used by the Bank's management concerning the significant change in credit risk that result in a change in the classification within the three stages (1, 2 and 3) are shown in details in note (40).

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

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

Models and assumptions used
The Bank uses various models and assumptions in measuring the fair value of financial assets as well as in assessing the expected credit loss described in note (40). The judgment is applied when determining the best models for each type of asset as well as for the assumptions used in those models, which include assumptions regarding the main drivers of credit risk.

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

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

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

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

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

- The expected timing and probability of future cash flows on the instrument where such cash flows are generally subject to the terms of the instrument, although Management's judgment may be required where the counterparty's ability to repay the instrument in accordance with contractual terms is in doubt; and

- An appropriate discount rate for the instrument. Management determines the instrument discount rate at a rate higher than the non-risk rate. In assessing the instrument by reference to comparative instruments, Management considers the maturity, structure, and degree of classification of the instrument based on the system in which the existing position is compared. When evaluating tools on a model basis using the fair value of the main components, Management also considers the need to make adjustments for a number of factors, such as bid differences, credit status, portfolio service costs, and uncertainty about the model.

Determining the duration of the lease

When determining the duration of the lease, management takes into account all the facts and circumstances that create an economic incentive extension option, or no termination option. Extension options (or periods following termination options) are included only in the lease term if the lease is reasonably assured that it will be extended (or not terminated). The evaluation is reviewed in the event of a significant event or significant change in the circumstances affecting this assessment that are under the control of the tenant.

Key Sources of Uncertainty Estimates

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

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

When measuring the expected credit loss, the Bank uses reasonable and supported future information based on the assumptions of the future movement of the various economic engines and how these affect each other.

Probability of default

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

Loss given default

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

Fair value measurement and valuation procedures

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

Provision for expected credit losses

Management is required to use significant judgments and estimates to estimate the amounts and timing of future cash flows and assess the risks of a significant increase in credit risk for financial assets after initial recognition and future measurement information for the expected credit losses. The most important policies and estimates used by the Bank's management are detailed in Note (40).

Impairment of Seized Assets

Impairment in the value of properties acquired is recognized based on recent real estate valuations by qualified independent evaluators for calculating the asset impairment, which is reviewed periodically. As of the beginning of the year 2015, a gradual provision has been taken for real estate acquired in exchange for debts and whose acquisition has exceeded 4 years, according to the Central Bank of Jordan's Circular No 15/1/4076 dated March 27, 2014 and Circular No. 10/1/2510 dated February 14, 2017. In this respect, the Central Bank of Jordan has issued Circular No. 10/1/13967 dated October 25, 2018, approving the extension of Circular No. 10/1/16607 dated December 17, 2017, and confirming postponement of the calculation of the provision until the end of the year 2019. According to the Central Bank of Jordan's Circular No. 10/1/16239 dated November 21, 2019, deduction of the required provisions against the acquired real estate will continue at a rate of 5% of the total book value of these properties (regardless of the violation period) from the year 2021 until the required percentage is reached (50% of these properties by the end of the year 2029).

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

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

Provision for lawsuits
A provision for lawsuits is taken to meet any legal obligations that might arise based on the legal study prepared by the Bank's legal advisor. The study identifies risks that might occur in the future and is reviewed periodically.

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

Lease Extension and Termination Options
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 held extension and termination options are renewable by both the Bank and the lessor.

Discounting rental payments
Lease payments are discounted using the Bank's incremental borrowing rate ("IBR"). Management applied the judgments and estimates to determine the incremental borrowing rate at the start of the lease

Listing the Future Outlook Information:
The Bank's management uses the future available information without any unjustified effort or cost for their evaluation on the significant increase in the credit risk, in addition during its measure for the expected credit losses indicator. The Bank uses the external and internal information to prepare the basic scenario for the future expectations of the related economic variables, including a presentable group of the other probable expectation scenario. The used external information includes the economic data and the expectations issued by the governmental bodies and the monetary authorities.

The Bank management conducts the expectations on the determined expected scenarios. The base scenario which is the only most likely result that includes the information used for strategic planning and budgeting. The Bank has determined and documented the main indicators for the credit risks and credit losses related to each financial instrument, noting that using statistical analysis of the historical data it has estimated the relationship between the macroeconomics, credit risks, and the credit losses.

The Bank has redeveloped the macroeconomic models to solve the limitations identified in the previous models using an efficient macroeconomic model. The group has determined and documented the main macroeconomic factors which lead to a change in the payment default rates for each financial instrument. The Banks has used the macroeconomic data and expectations which was issued by the governmental and monetary authorities such as the Central Bank of Jordan, the International Monetary Fund, and the National Bank to merge the future outlook information in the probability of default model for each scenario.

The expected relationships between the key macroeconomic factors and the payment default rates for the concerned financial instruments based on the historical data analysis for the prior five years period. The models are controlled and reviewed to ensure from its adequacy as at the end of each report period.

The table below summarizes the key macroeconomic factors included in the economic scenarios used on December 31, 2020 for the years from 2020 to 2024, for the Hashemite Kingdom of Jordan, which is the main country in which the Bank operates, and therefore it is the country which has a significant impact on the expected credit losses.

Expected change rate in the Gross Domestic Product (GDP)	2021	2022	2023	2024	2025
	%	%	%	%	%
Base scenario	0.46	3.90	6.72	9.15	11.62
Downside scenario	(3.59)	(1.54)	1.22	3.89	6.33
Upside scenario	3.82	8.15	10.99	13.28	15.79

Expected change rate in Owner's Equity (Share Price)	2021	2022	2023	2024	2025
	%	%	%	%	%
Base scenario	(17.93)	(8.34)	(2.68)	0.54	2.02
Downside scenario	(39.09)	(23.36)	(9.26)	(3.03)	(0.96)
Upside scenario	(10.25)	(0.57)	(3.84)	4.66	5.65

The Bank has conducted a sensitivity analysis for the corporate facilities portfolio on how the expected credit losses change for the major portfolios if the main assumptions for the calculation of the change of the expected credit losses by 5% has been used. The table below summarizes the total expected credit losses for each portfolio as of December 31, 2020, in case those assumptions remain as expected (the amounts as it has been presented in the consolidated statement of financial position), in addition if all of these used main assumptions change by 5% increasingly or decreasingly. The changes are applied individually, and it is applied on each weighted scenario based on the probabilities used to estimate the expected credit losses for stage one and stage 2. In fact, there will be a correlation between different economic data, and the exposure to sensitivity will vary with the variation of the economic scenarios.

2020	Balances and deposits at Banks and Financial Institutions	Financial assets at fair value through other comprehensive income	Financial assets at amortized cost	Direct credit facilities	Indirect credit facilities (contingent liabilities)	Other asset
	JD	JD	JD	JD	JD	JD
Gross Domestic Product (GDP)						
5%	30,834	7,301	17,058	6,036,867	742,142	23,085
(5)%	38,092	11,026	21,320	7,114,830	930,469	25,696
Owners' Equity						
5%	34,228	9,125	19,219	6,576,040	836,628	24,433
(5)%	35,920	9,125	20,475	6,956,600	896,135	25,110

5. Cash and Balances at the Central Bank of Jordan

The details of this item are as follows:

	December 31,	
	2020	2019
	JD	JD
Cash on hand	6,694,630	7,440,297
Balances at central banks:		
Current accounts and demand deposits	13,020,146	13,455,319
Statutory cash reserve	32,502,711	42,052,513
Certificates of deposit	-	5,100,000
Cash and balances at Central Bank of Jordan	45,522,857	60,607,832
Total Balances	52,217,487	68,048,129

- The cash reserve amounted to JD 32,502,711 as of December 31, 2020 (JD 42,052,513 as of December 31, 2019).

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

- There are no deposit certificates for more than 3 months as of December 31, 2020 and December 31, 2019.

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

	2020				2019
	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Balance - beginning of the year	60,607,832	-	-	60,607,832	41,839,445
New balances during the year	-	-	-	-	18,768,387
Settled balances	(15,084,975)	-	-	(15,084,975)	-
Balance - End of the Year	45,522,857	-	-	45,522,857	60,607,832

6. Balances at Banks and Financial Institutions

The details of this item are as follows:

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	December 31,		December 31,		December 31,	
Description	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD
Current accounts and demand deposits	575	703	24,723,523	20,848,146	24,724,098	20,848,849
Deposits maturing within or less than 3 months	35,450,000	16,969,865	29,840,003	21,446,203	65,290,003	38,416,068
Total	35,450,575	16,970,568	54,563,526	42,294,349	90,014,101	59,264,917
Provision for expected credit loss	(29,120)	(4,445)	(5,920)	(2,808)	(35,040)	(7,253)
Net	35,421,455	16,966,123	54,557,606	42,291,541	89,979,061	59,257,664

- Non-interest bearing balances at banks and financial institutions amounted to JD 4,951,278 as of December 31, 2020 (JD 5,500,318 as of December 31, 2019).

- These are no restricted balances as of December 31, 2020 and 2019.

The movement on balances at banks and financial institutions as follows:

	2020				2019
	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Balance - beginning of the year	45,084,917	14,180,000	-	59,264,917	85,029,146
New balances during the year	62,981,365	-	-	62,981,365	22,806,873
Balances settled during the year	(18,052,181)	(14,180,000)	-	(32,232,181)	(48,571,102)
Total	90,014,101	-	-	90,014,101	59,264,917
Provision for expected credit losses	(35,040)	-	-	(35,040)	(7,253)
Balance at year-end	89,979,061	-	-	89,979,061	59,257,664

Disclosures on the provision for impairment loss:

	December 31, 2020				2019
	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Balance - beginning of the year	2,808	-	-	2,808	7,249
Impairment loss on new balances and deposits during the year	35,040	-	-	35,040	4,445
Reversed from impairment loss on settled balances	(2,808)	-	-	(2,808)	(4,441)
Transferred to stage (1)	-	-	-	-	-
Transferred to stage (2)	-	-	-	-	-
Transferred to stage (3)	-	-	-	-	-
Effect on the provision- as at year-end due to transfers between stages	-	-	-	-	-
Effect of adjustment	-	-	-	-	-
written-off balances and deposits	-	-	-	-	-
Changes due to rates of exchange	-	-	-	-	-
Total balance as at year-end	-	-	-	-	-
Balance – End of the Year	35,040	-	-	35,040	7,253

7. 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	
	December 31,		December 31,		December 31,	
	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD
Description						
Deposits maturing from 3 months to 6 months	-	-	7,343,135	2,603,874	7,343,135	2,603,874
From 6 months to 9 months	-	-	-	-	-	-
From 9 months to 12 months	-	-	-	-	-	-
Total	-	-	7,343,135	2,603,874	7,343,135	2,603,874
Provision for impairment loss	-	-	-	-	-	-
Net of Deposits at Banks and Financial Institutions	-	-	7,343,135	2,603,874	7,343,135	2,603,874

- The following represents the movement on deposits at banks and financial institutions for the year ended December 31, 2020:

	December 31, 2020				2019
	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Balance – beginning of the year	2,603,874	-	-	2,603,874	27,956,035
New deposits during the year	7,343,135	-	-	7,343,135	-
Deposits settled during the year	(2,603,874)	-	-	(2,603,874)	(25,352,161)
Balance - End of the Year	7,343,135	-	-	7,343,135	2,603,874

8. Direct Credit Facilities at Amortized Cost - Net

The details of this item are as follows:

	December 31,	
	2020	2019
	JD	JD
Individuals (retail)		
overdraft *	23,108,211	22,441,930
Loans and bills **	302,087,344	261,342,865
Credit cards	3,830,702	4,124,525
Mortgage loans	72,118,408	75,441,342
Corporates		
Overdrafts *	81,537,727	97,272,549
Loans and bills **	181,620,076	182,362,319
Small to Medium Enterprises "SME's"		
Overdrafts *	4,888,584	5,791,976
Loans and bills **	20,694,534	13,735,065
**Government and Public Sector ** **	30,119,417	11,748,501
Total	720,005,003	674,261,072
Less: Interest in suspense	(14,149,904)	(10,712,425)
Less: Expected credit loss	(55,913,167)	(42,545,193)
Direct Credit Facilities at Amortized Cost - Net	649,941,932	621,003,454

* Net after deducting the interest and commissions received in advance which amounted to JD 14,183 as of December 31, 2020 (JD 14,356 as of December 31, 2019).

- Net after deducting interest and commissions received in advance which amounted to JD 80,669 as of December 31, 2020 (JD 90,291 as of December 31, 2019).

- The non performing credit facilities within stage (3) amounted to JD 62,889,091, which equates to 8.735% of the total direct credit facilities as of December 31, 2020 (JD 51,214,277, which equates to 7.596% of the total direct credit facilities as of December 31, 2019).

- The non performing credit facilities after deducting interest in suspense amounted to JD 48,739,187, which equates to 6.905% of the total direct credit facilities after deducting interests in suspense as of December 31, 2020 (JD 40,501,852 which equates to 6.104% of the total direct credit facilities after deducting interests in suspense as as of December 31, 2019).

- The total credit facilities granted to and guaranteed by the Jordanian government amounted to JD 30,119,417, which equates to 4.183% of the total direct credit facilities as at December 31, 2020 (JD 11,748,501, which equates to 1.742% of the total direct credit facilities as at December 31, 2019).

The movement on credit facilities:

	December 31, 2020						December 31, 2019
	Stage (1)		Stage (2)				
	Individual	collective	Individual	collective	Stage (3)	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	213,290,271	313,561,683	64,521,060	31,673,781	51,214,277	674,261,072	653,057,107
New credit facilities during the year	47,804,788	156,723,826	20,337,835	2,070,933	7,313,831	234,251,213	227,412,665
Settled credit facilities	(43,330,013)	(111,602,386)	(19,509,565)	(4,466,667)	(1,911,646)	(180,820,277)	(204,872,205)
Transferred to stage (1)	3,310,956	6,511,708	(3,310,956)	(6,242,144)	(269,564)	-	-
Transferred to stage (2)	(4,204,781)	(9,347,470)	4,204,781	9,722,610	(375,140)	-	-
Transferred to stage (3)	(29)	(984,536)	(4,224,119)	(2,040,758)	7,249,442	-	-
Effect of adjustment	(1,214,641)	(591,284)	(4,036,305)	(1,512,666)	(93,282)	(7,448,178)	(458,188)
Written-off credit facilities	-	-	-	-	(238,827)	(238,827)	(878,307)
Adjustments due to change in exchange rates	-	-	-	-	-	-	-
Balance - End of the Year	215,656,551	354,271,541	57,982,731	29,205,089	62,889,091	720,005,003	674,261,072

The movement on impairment loss collectively as of the year end:

	December 31, 2020						December 31, 2019
	Stage (1)		Stage (2)				
	Individual	collective	Individual	collective	Stage (3)	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	1,661,551	1,471,697	4,676,629	1,538,740	33,196,576	42,545,193	31,402,358
New credit facilities during the year	872,555	1,045,676	4,903,125	1,005,171	6,042,604	13,869,131	5,921,091
Settled credit facilities during the year	(286,381)	(559,067)	(1,783,215)	(250,953)	(1,549,671)	(4,429,287)	(4,341,532)
Transferred to stage (1)	40,402	28,777	(40,402)	(26,761)	(2,016)	-	-
Transferred to stage (2)	(83,059)	(517,125)	83,059	559,511	(42,386)	-	-
Transferred to stage (3)	(29)	(580,380)	(3,205,540)	(1,422,161)	5,208,110	-	-
Effect on total exposures due to change in the classification between stages	38,083	1,068,566	2,237,192	959,296	(402,936)	3,900,201	10,290,087
Written-off exposures	-	-	-	-	27,929	27,929	(726,811)
Adjustments due to change in exchange rates	-	-	-	-	-	-	-
Balance - End of the Year	2,243,122	1,958,144	6,870,848	2,362,843	42,478,210	55,913,167	42,545,193

The following is the movement on the impairment of direct credit facilities:

	Retail	Real Estate	Corporates: Corporate	Corporates: SME's	Government and Public Sector	Total
For the Year ended December 31, 2020	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	18,445,617	563,231	21,765,141	1,662,281	108,923	42,545,193
Impairment loss on the new credit facilities during the year	2,306,292	164,106	10,839,190	559,542	-	13,869,130
Interest transferred from income	(1,968,978)	(128,764)	(2,052,797)	(113,966)	(108,923)	(4,373,428)
Transferred to stage (1)	(953,246)	(100,406)	(28,571)	(14,115)	-	(1,096,338)
Transferred to stage (2)	(663,959)	56,176	(3,176,969)	14,086	-	(3,770,666)
Transferred to stage (3)	1,617,205	44,230	3,205,540	29	-	4,867,004
Effect on the provision as of the period end - due to change in the classification between the three stages during the period	1,505,673	125,571	2,273,249	(4,292)	-	3,900,201
Adjustments due to changes	-	-	-	-	-	-
Written-off loans	(27,929)	-	-	-	-	(27,929)
Balance at the End of the Year	20,260,675	724,144	32,824,783	2,103,565	-	55,913,167
For the Year ended December 31, 2019						
Adjusted balance as of January 1, 2019	16,814,614	537,848	12,967,424	1,082,472	-	31,402,358
Impairment loss on the new credit facilities during the year	1,358,042	125,506	3,912,298	416,321	108,923	5,921,090
Interest transferred to income	(1,885,728)	(176,138)	(2,188,304)	(91,362)	-	(4,341,532)
Transferred to stage (1)	(1,533,766)	(40,000)	(534,218)	(16,958)	-	(2,124,942)
Transferred to stage (2)	(1,074,469)	(35,716)	(10,800,808)	(267,470)	-	(12,178,463)
Transferred to stage (3)	2,608,235	75,716	11,335,026	284,428	-	14,303,405
Effect on the provision as of the period end - due to change in the classification between the three stages during the period	2,293,558	76,015	7,665,665	254,850	-	10,290,088
Adjustments due to changes	(134,869)	-	(591,942)	-	-	(726,811)
Written-off loans	-	-	-	-	-	-
Balance at the End of the Year	18,445,617	563,231	21,765,141	1,662,281	108,923	42,545,193

The provisions no longer needed due to settlements or debts payment and transferred against other debts amounted to JD 1,867,845 as of December 31, 2020 (JD 1,805,815 as of December 31, 2019).

Interest in Suspense

The following is the movement on interest in suspense:

	Retail	Real Estate	Corporates: Corporate	Corporates: SME's	Total
For the year 2020	JD	JD	JD	JD	JD
Balance at the beginning of the year	6,995,654	238,862	2,748,638	729,271	10,712,425
Add: Suspended interests during the year	1,426,377	87,614	2,329,856	241,601	4,085,448
less: interest transferred from income	(363,264)	-	(69,103)	(4,704)	(437,071)
Written-off interest in suspense	(183,999)	(4,017)	(22,522)	(360)	(210,898)
Balance at the Ending of the Year	7,874,768	322,459	4,986,869	965,808	14,149,904
For the year 2019					
Balance at the beginning of the year	6,024,151	161,933	1,471,220	466,083	8,123,387
Add: Suspended interests during the year	1,417,252	100,284	1,336,485	306,483	3,160,504
less: interest transferred from income	(342,793)	(20,089)	(49,779)	(7,309)	(419,970)
Written-off interest in suspense	(102,956)	(3,266)	(9,288)	(35,986)	(151,496)
Balance at the Ending of the Year	6,995,654	238,862	2,748,638	729,271	10,712,425

The following are the credit exposures according to IFRS (9):

As of December 31, 2020

According to the IFRS number (9)

	Stage (1)			Stage (2)			Stage (3)			Total		
	Direct Credit Facilities	Expected Credit Loss	Interest in Suspense	Direct Credit Facilities	Expected Credit Loss	Interest in Suspense	Direct Credit Facilities	Expected Credit Loss	Interest in Suspense	Direct Credit Facilities	Expected Credit Loss	Interest in Suspense
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Retail	291,356,914	(1,918,739)	-	12,772,095	(1,994,952)	-	24,897,248	(16,346,984)	(7,874,768)	329,026,257	(20,260,675)	(7,874,768)
Real Estate Loans	56,105,620	(24,285)	-	14,827,633	(264,059)	-	1,185,155	(435,800)	(322,459)	72,118,408	(724,144)	(322,459)
Corporate Entities	174,884,718	(2,145,790)	-	55,319,310	(6,855,090)	-	32,953,775	(23,823,903)	(4,986,869)	263,157,803	(32,824,783)	(4,986,869)
SME's	17,461,423	(112,452)	-	4,268,782	(119,590)	-	3,852,913	(1,871,523)	(965,808)	25,583,118	(2,103,565)	(965,808)
Government and Public Sector	30,119,417	-	-	-	-	-	-	-	-	30,119,417	-	-
	569,928,092	(4,201,266)	-	87,187,820	(9,233,691)	-	62,889,091	(42,478,210)	(14,149,904)	720,005,003	(55,913,167)	(14,149,904)

As of December 31, 2019

According to the IFRS number (9)

	Stage (1)			Stage (2)			Stage (3)			Total		
	Direct Credit Facilities	Expected Credit Loss	Interest in Suspense	Direct Credit Facilities	Expected Credit Loss	Interest in Suspense	Direct Credit Facilities	Expected Credit Loss	Interest in Suspense	Direct Credit Facilities	Expected Credit Loss	Interest in Suspense
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Retail	246,825,817	(1,439,867)	-	17,919,575	(1,360,432)	-	23,163,928	(15,645,318)	(5,995,654)	287,909,320	(18,445,617)	(6,995,654)
Real Estate Loans	62,008,606	(23,076)	-	12,116,012	(87,167)	-	1,316,724	(452,988)	(238,862)	75,441,342	(563,231)	(238,862)
Corporate Entities	193,427,598	(1,496,949)	-	63,192,244	(4,678,828)	-	23,015,026	(15,589,364)	(2,748,638)	279,634,868	(21,765,141)	(2,748,638)
SME's	12,841,432	(64,433)	-	2,967,010	(88,942)	-	3,718,599	(1,508,906)	(729,271)	19,527,041	(1,662,281)	(729,271)
Government and Public Sector	11,748,501	(108,923)	-	-	-	-	-	-	-	11,748,501	(108,923)	-
	526,851,954	(3,133,248)	-	96,194,841	(6,215,369)	-	51,214,277	(33,196,576)	(10,712,425)	674,261,072	(42,545,193)	(10,712,425)

The distribution of total facilities according to the Bank's internal credit rating for retails is:

	2020						2019
	Stage (1) Individual	Stage (1) Collective	Stage (2) Individual	Stage (2) Collective	Stage (3) Individual	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Credit rating categories based on the Bank's internal system:							
1	-	11,314,565	-	97,927	-	11,412,492	8,751,160
2	-	-	-	-	-	-	-
3	-	1,449,938	-	17,255	-	1,467,193	2,159,764
4	-	28,899,458	-	329,759	-	29,229,217	29,130,697
5	-	221,284,604	-	2,381,629	-	223,666,233	192,884,373
6	-	28,200,931	-	4,020,874	-	32,221,805	21,299,252
7	-	150,263	-	5,497,339	-	5,647,602	9,864,472
8	-	57,155	-	427,312	-	484,467	655,674
9	-	-	-	-	1,316,868	1,316,868	771,394
10	-	-	-	-	736,301	736,301	1,635,908
11	-	-	-	-	22,844,079	22,844,079	20,756,626
Total	-	291,356,914	-	12,772,095	24,897,248	329,026,257	287,909,320

The movement on the retail facilities is as follows:

	2020						2019
	Stage (1)		Stage (2)				
	Individual	Collective	Individual	Collective	(3) Stage	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	-	246,825,817	-	17,919,575	23,163,928	287,909,320	276,103,305
New exposures during the year	-	149,488,941	-	1,615,176	914,780	152,018,897	133,682,808
Settled exposures during the year	-	(104,483,598)	-	(3,337,064)	(1,169,451)	(108,990,113)	(120,603,049)
Transferred to stage (1)	-	4,474,591	-	(4,205,027)	(269,564)	-	-
Transferred to stage (2)	-	(3,663,731)	-	3,937,640	(273,909)	-	-
Transferred to stage (3)	-	(984,536)	-	(1,827,085)	2,811,621	-	-
Effect on total exposures due to change in the classification between stages	-	(219,172)	-	(388,491)	(68,229)	(675,892)	(1,035,919)
Effect of adjustment	-	(81,398)	-	(942,629)	-	(1,024,027)	-
Written off exposures	-	-	-	-	(211,928)	(211,928)	(237,825)
Adjustments due to change in exchange rates	-	-	-	-	-	-	-
Balance - End of the Year	-	291,356,914	-	12,772,095	24,897,248	329,026,257	287,909,320

The movement on provision for credit loss for retail credit facilities is as follows:

	2020						2019
	Stage (1)		Stage (2)				
	Individual	Collective	Individual	Collective	(3) Stage	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	-	1,439,867	-	1,360,432	15,645,318	18,445,617	16,814,614
Impairment losses on the new exposures during the year	-	1,035,400	-	851,508	419,384	2,306,292	1,358,043
Recovered from impairment losses on the paid exposures during the year	-	(557,465)	-	(206,131)	(1,205,382)	(1,968,978)	(1,885,728)
Transferred to stage (1)	-	27,652	-	(25,636)	(2,016)	-	-
Transferred to stage (2)	-	(415,906)	-	456,489	(40,583)	-	-
Transferred to stage (3)	-	(580,380)	-	(1,376,128)	1,956,508	-	-
Effect on the impairment losses due to change in the classification between stages	-	969,571	-	934,418	(398,316)	1,505,673	2,285,056
Effect on the provision due to adjustment	-	-	-	-	-	-	8,501
Impairment loss on the written off exposures	-	-	-	-	(27,929)	(27,929)	(134,869)
Adjustments due to change in exchange rates	-	-	-	-	-	-	-
Balance of the Provision for Expected Credit Losses at Year End	-	1,918,739	-	1,994,952	16,346,984	20,260,675	18,445,617

The distribution of total facilities according to the Bank's internal credit rating for real estates:

	2020						2019
	Stage (1) Individual	Stage (1) Collective	Stage (2) Individual	Stage (2) Individual	Stage (3) Individual	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Credit rating categories based on the bank's internal system:							
1	-	1,697,476	-	204,275	-	1,901,751	2,339,123
2	-	-	-	-	-	-	-
3	-	1,890,966	-	208,254	-	2,099,220	3,078,330
4	-	5,425,344	-	367,763	-	5,793,107	6,923,459
5	-	41,541,616	-	3,369,874	-	44,911,490	51,387,775
6	-	5,467,300	-	8,751,915	-	14,219,215	8,729,365
7	-	82,918	-	1,751,777	-	1,834,695	1,344,560
8	-	-	-	173,775	-	173,775	322,006
9	-	-	-	-	57,891	57,891	163,206
10	-	-	-	-	-	-	196,264
11	-	-	-	-	1,127,264	1,127,264	957,254
Total	-	56,105,620	-	14,827,633	1,185,155	72,118,408	75,441,342

The movement on the real estates facilities is as follows:

	2020						2019
	Stage (1)		Stage (2)				
	Individual	Collective	Individual	Collective	(3) Stage	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Exposures balance - beginning of the year	-	62,008,606	-	12,116,012	1,316,724	75,441,342	79,254,369
New exposures during the year	-	5,031,064	-	161,541	46,480	5,239,085	7,375,071
Settled exposures during the year	-	(6,837,553)	-	(1,059,514)	(261,421)	(8,158,488)	(10,755,174)
Transferred to stage (1)	-	1,877,956	-	(1,877,956)	-	-	-
Transferred to stage (2)	-	(5,683,739)	-	5,784,970	(101,231)	-	-
Transferred to stage (3)	-	-	-	(213,673)	213,673	-	-
Effect on total exposure due to change in the classifications between stages	-	(290,714)	-	(83,747)	(25,053)	(399,514)	(429,658)
Effect of adjustment	-	-	-	-	-	-	-
Written-off exposures	-	-	-	-	(4,017)	(4,017)	(3,266)
Adjustments due to change in exchange rates	-	-	-	-	-	-	-
Exposures Balance - End of the Year	-	56,105,620	-	14,827,633	1,185,155	72,118,408	75,441,342

The movement on provision for credit loss for real estates is as follows:

	2020						2019
	Stage (1)		Stage (2)				
	Individual	Collective	Individual	Collective	(3) Stage	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	-	23,076	-	87,167	452,988	563,231	537,848
Impairment losses on new exposures during the year	-	4,190	-	94,377	65,539	164,106	125,506
Recovered from impairment losses on matured paid exposures during	-	(1,570)	-	(4,857)	(122,337)	(128,764)	(176,138)
Transferred to stage (1)	-	813	-	(813)	-	-	-
Transferred to stage (2)	-	(101,219)	-	103,022	(1,803)	-	-
Transferred to stage (3)	-	-	-	(46,033)	46,033	-	-
Effect on total exposure due to change in the classifications between stages	-	98,995	-	31,196	(4,620)	125,571	76,015
Effect of adjustment on the resulted provision	-	-	-	-	-	-	-
Impairment loss on the written off exposures	-	-	-	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-	-	-	-
Balance of the provision Expected Credit Losses at Year End	-	24,285	-	264,059	435,800	724,144	563,231

The distribution of total facilities according to the Bank's internal credit rating for Corporates:

	2020						2019
	Stage (1) Individual	Stage (1) Collective	Stage (2) Individual	Stage (2) Individual	Stage (3) Individual	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Credit rating categories based on the bank's internal system:							
1	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-
5	40,626,965	-	-	-	-	40,626,965	59,626,217
6	157,568,179	-	25,759,604	-	-	183,327,783	180,723,530
7	-	6,808,991	4,942,667	1,605,362	-	13,357,020	23,708,039
8	-	-	23,011,677	-	-	23,011,677	4,310,557
9	-	-	-	-	2,700,780	2,700,780	5,266,859
10	-	-	-	-	5,672,554	5,672,554	11,716,949
11	-	-	-	-	24,580,441	24,580,441	6,031,218
Total	198,195,144	6,808,991	53,713,948	1,605,362	32,953,775	293,277,220	291,383,369

The movement on the Corporate facilities for is as follows:

	2020						2019
	Stage (1)		Stage (2)				
	Individual	Collective	Individual	Collective	(3) Stage	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Exposures balance - beginning of the year	200,448,839	4,727,260	61,554,049	1,638,195	23,015,026	291,383,369	278,080,671
New exposures during the year	39,346,790	2,203,806	18,052,578	294,215	6,027,034	65,924,423	79,444,545
Settled exposures during the year	(40,381,773)	(281,236)	(18,234,533)	(70,089)	(289,882)	(59,257,513)	(66,435,664)
Transferred to stage (1)	2,882,596	159,161	(2,882,596)	(159,161)	-	-	-
Transferred to stage (2)	(3,440,209)	-	3,440,209	-	-	-	-
Transferred to stage (3)	-	-	(4,224,119)	-	4,224,119	-	-
Effect on total exposure due to change in the classifications between stages	(661,099)	-	(3,991,640)	-	-	(4,652,739)	895,047
Effect of adjustment	-	-	-	(97,798)	-	(97,798)	-
Written-off exposures	-	-	-	-	(22,522)	(22,522)	(601,230)
Adjustments due to change in exchange rates	-	-	-	-	-	-	-
Exposures Balance - End of the Year	198,195,144	6,808,991	53,713,948	1,605,362	32,953,775	293,277,220	291,383,369

The movement on provision for credit loss for Corporate is as follows:

	2020						2019
	Stage (1)		Stage (2)				
	Individual	Collective	Individual	Collective	(3) Stage	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	1,597,116	8,756	4,587,690	91,138	15,589,364	21,874,064	12,967,424
Impairment losses on new exposures during the year	795,600	6,084	4,838,861	59,285	5,139,360	10,839,190	3,933,901
Recovered from impairment losses on paid exposures during the year	(265,282)	(32)	(1,746,080)	(39,965)	(110,361)	(2,161,720)	(2,100,984)
Transferred to stage (1)	39,009	312	(39,009)	(312)	-	-	-
Transferred to stage (2)	(67,580)	-	67,580	-	-	-	-
Transferred to stage (3)	-	-	(3,205,540)	-	3,205,540	-	-
Effect on the impairment losses due to change in the classifications between stages	31,807	-	2,247,760	(6,318)	-	2,273,249	7,665,665
Effect of adjustment on the resulted provision	-	-	-	-	-	-	-
Impairment loss on the written off exposures	-	-	-	-	-	-	(591,942)
Adjustments due to change in exchange rates	-	-	-	-	-	-	-
Balance of the Provision for Expected Credit Losses at Year End	2,130,670	15,120	6,751,262	103,828	23,823,903	32,824,783	21,874,064

The distribution of total facilities according to the Bank's internal credit rating for Small to Medium entities (SME's) is as follows:

	2020						2019
	Stage (1) Individual	Stage (1) Collective	Stage (2) Individual	Stage (2) Individual	Stage (3) Individual	Total	Total
	JD	JD	JD	JD	JD		
Credit rating categories based on the bank's internal system:							
1	-	-	-	-	-	-	2,000,001
2	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-
5	2,973,987	-	-	-	-	2,973,987	490,093
6	14,487,436	-	2,629,560	-	-	17,116,996	12,118,967
7	-	-	1,639,222	-	-	1,639,222	1,199,381
8	-	-	-	-	-	-	-
9	-	-	-	-	105,642	105,642	36,439
10	-	-	-	-	-	-	815,459
11	-	-	-	-	3,747,271	3,747,271	2,866,701
Total	17,461,423	-	4,268,782	-	3,852,913	25,583,118	19,527,041

The movement on the Small to Medium entities (SME's) facilities is as follows:

	2020						2019
	Stage (1)		Stage (2)				
	Individual	Collective	Individual	Collective	(3) Stage	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	12,841,432	-	2,967,010	-	3,718,599	19,527,041	19,618,762
New credit facilities during the year	8,458,014	-	2,285,257	-	325,537	11,068,808	6,910,241
Settled credit facilities	(2,948,240)	-	(1,275,032)	-	(190,892)	(4,414,164)	(7,078,318)
Transferred to stage (1)	428,360	-	(428,360)	-	-	-	-
Transferred to stage (2)	(764,572)	-	764,572	-	-	-	-
Transferred to stage (3)	(29)	-	-	-	29	-	-
Effect on total exposure due to change in the classifications between stages	(553,542)	-	(44,665)	-	-	(598,207)	112,342
Effect of adjustment	-	-	-	-	-	-	-
Written-off credit facilities	-	-	-	-	(360)	(360)	(35,986)
Adjustments due to change in exchange rates	-	-	-	-	-	-	-
Total exposures at year end	17,461,423	-	4,268,782	-	3,852,913	25,583,118	19,527,041

The movement on provision for impairment loss for Small to Medium entities (SME's) is as follows:

	2020						2019
	Stage (1)		Stage (2)				
	Individual	Collective	Individual	Collective	(3) Stage	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	64,433	-	88,942	-	1,508,906	1,662,281	1,082,472
Impairment losses on new exposures during the year	76,955	-	64,265	-	418,322	559,542	416,321
Recovered from impairment losses on paid exposures during the year	(21,097)	-	(37,135)	-	(55,734)	(113,966)	(91,362)
Transferred to stage (1)	1,393	-	(1,393)	-	-	-	-
Transferred to stage (2)	(15,479)	-	15,479	-	-	-	-
Transferred to stage (3)	(29)	-	-	-	29	-	-
Effect on the impairment losses due to change in the classifications between stages	6,276	-	(10,568)	-	-	(4,292)	254,850
Effect of adjustment on the resulted provision	-	-	-	-	-	-	-
Impairment loss on the written off exposures	-	-	-	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-	-	-	-
Balance of the Provision for Expected Credit Losses at Year End	112,452	-	119,590	-	1,871,523	2,103,565	1,662,281

9. Financial Assets at Fair Value through Other Comprehensive Income

The details of this item are as follows:

	December 31, 2020	December 31, 2019
	JD	JD
Quoted shares in active markets	869,844	597,004
Unquoted shares in active markets	2,368,267	2,023,688
Governmental and guaranteed financial bonds	117,941,021	135,528,341
Jordanian treasury bills	7,018,586	-
Other financial bonds	7,381,874	10,693,743
Total	135,579,592	148,842,776
Less: Provision of expected credit loss	(9,125)	(20,563)
	135,570,467	148,822,213

- The following represents the movement on the provision for expected credit losses of the financial assets through other comprehe

	December 31, 2020				2019
	Stage (1) Individual	Stage (2) Individual	Stage (3) Individual	Total	Total
	JD	JD	JD	JD	JD
Balance - beginning of the year	20,563	-	-	20,563	97,964
New investment during the year	4,027	-	-	4,027	1,559
Matured investments	(15,465)	-	-	(15,465)	(8,783)
Transferred to stage (1)	-	-	-	-	-
Transferred to stage (2)	-	-	-	-	-
Transferred to stage (3)	-	-	-	-	-
Changes in fair value	-	-	-	-	-
Effect of changes in the investment adjustment	-	-	-	-	(70,177)
Written-off investment	-	-	-	-	-
Balance - End of the Year	9,125	-	-	9,125	20,563

- The following represents the movement on financial assets through other comprehensive income:

	December 31, 2020				2019
	Stage (1) Individual	Stage (2) Individual	Stage (3) Individual	Total	Total
	JD	JD	JD	JD	JD
Balance - beginning of the year	148,842,776	-	-	148,842,776	104,355,444
New investment during the period	13,149,834	-	-	13,149,834	58,749,276
Matured investments	(34,324,647)	-	-	(34,324,647)	(19,281,978)
Transferred to stage (1)	-	-	-	-	-
Transferred to stage (2)	-	-	-	-	-
Transferred to stage (3)	-	-	-	-	-
Changes in fair value	7,911,629	-	-	7,911,629	4,893,894
changes in the adjustment of investment	-	-	-	-	126,140
Written-off investment	-	-	-	-	-
Balance - End of the Year	135,579,592	-	-	135,579,592	148,842,776

10. Financial Assets at Amortized Cost

The details of this item are as follows:

	December 31,	
	2020	2019
	JD	JD
Financial assets available at market value		
Governmental and guaranteed bonds	111,863,616	122,471,590
Other financial bonds	15,000,000	15,000,000
	126,863,616	137,471,590
Less: Provision for financial assets at amortized cost	(19,868)	(10,129)
	126,843,748	137,461,461
Bonds Analysis:		
With fixed rate	119,863,616	130,471,590
With floating rate	7,000,000	7,000,000
Total	126,863,616	137,471,590

Bonds Analysis in accordance with IFRS (9)		
Stage 1	126,863,616	137,471,590
Stage 2	-	-
Stage 3	-	-
Total	126,863,616	137,471,590

The following is the movement on financial assets at amortized cost:

	2020				2019
	Stage (1) Individual	Stage (2) Individual	Stage (3) Individual	Total	Total
	JD	JD	JD	JD	JD
Balance – beginning of the year	137,471,590	-	-	137,471,590	177,929,362
New investment during the year	54,043,169	-	-	54,043,169	56,565,053
Settled investment *	(64,651,143)	-	-	(64,651,143)	(97,022,825)
Change in fair value	-	-	-	-	-
Transferred to stage 1	-	-	-	-	-
Transferred to stage 2	-	-	-	-	-
Transferred to stage 3	-	-	-	-	-
Changes in fair value	-	-	-	-	-
Effect of adjustment in investment	-	-	-	-	-
Written off investment	-	-	-	-	-
Balance - end of the year	126,863,616	-	-	126,863,616	137,471,590

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

	2020				2019
	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Balance – beginning of the year	10,129	-	-	10,129	60,800
Credit losses on new investments during the year	19,868	-	-	19,868	-
Recovered amount from losses on paid investments	(10,129)	-	-	(10,129)	(50,671)
Transferred to stage (1)	-	-	-	-	-
Transferred to stage (2)	-	-	-	-	
Transferred to stage (3)	-	-	-	-	-
Changes in fair value	-	-	-	-	-
Changes resulting from adjustments	-	-	-	-	-
Written-off investments	-	-	-	-	-
Balance - End of the Year	19,868	-	-	19,868	10,129

11. Financial Assets at Amortized Cost - Mortgaged

The details of this item are as follows:

	December 31,	
	2020	2019
	JD	JD
Governmental and guaranteed bonds	62,631,159	35,012,800
	62,631,159	35,012,800

- On September 3, 2018, the Bank sold one bond of the Jordanian treasury bonds with a nominal value of JD 15,000,000 to Arab Bank. The amount of the repurchase agreement was JD 14,873,850, and the amount received was JD 14,576,373 as borrowed money at an interest rate of 5.29% per annum, as stated in Note (19). Moreover, the Bank did not recognize this transaction as a sale transaction, because the Bank reserves the right to repurchase these bonds on September 5, 2021.

- On December 26, 2018, the Bank sold two bonds of the Jordanian treasury bonds with a nominal value of JD 20,000,000 to Arab Bank. The amount of the bonds repurchase agreement was JD.19,773,780, and the amount received was JD 19,378,304 as a loan at an interest rate of 5.5% per annum, as stated in Note (19). Moreover, the Bank did not recognize this transaction as a sale transaction, because the Bank reserves the right to repurchase these bonds on December 26, 2021.

- On November 12, 2020, the Bank sold one bond of the Jordanian treasury bonds with a nominal value of JD 7,101,000 to Central Bank of Jordan. The amount of the repurchase agreement was JD 7,317,071, and the amount received was JD 7,280,586 as borrowed money at an interest rate of 2.0% per annum, as stated in Note (19). Moreover, the Bank did not recognize this transaction as a sale transaction, because the Bank reserves the right to repurchase these bonds on January 11, 2021.

- On December 29, 2020, the Bank sold two bonds of the Jordanian treasury bonds with a nominal value of JD 12,199,000 to Central Bank of Jordan. The amount of the repurchase agreement was JD 12,272,727, and the amount received was JD 12,263,312 as a loan at an interest rate of 2.0% per annum, as stated in Note (19). Moreover, the Bank did not recognize this transaction as a sale transaction, because the Bank reserves the right to repurchase these bonds on January 12, 2021.

- On December 5, 2020, the Bank sold one bond of the Jordanian treasury bonds with a nominal value of JD 8,286,000 to Central Bank of Jordan. The amount of the repurchase agreement was JD 8,333,333, and the amount received was JD 8,320,5483 as borrowed money at an interest rate of 5.29% per annum, as stated in Note (19). Moreover, the Bank did not recognize this transaction as a sale transaction, because the Bank reserves the right to repurchase these bonds on January 12, 2021.

12. Property and Equipment

The details of this item are as follows:

	Lands	Buildings	Equipment and Furniture	Vehicles	Computers	Decorations and Leasehold Improvements	Total
For the year ended December 31, 2020	JD	JD	JD	JD	JD	JD	JD
Cost:							
Balance - beginning of the year	3,374,438	5,909,553	6,154,029	504,600	3,704,737	4,579,404	24,226,761
Additions	2,098,892	-	291,419	-	197,149	493,314	3,080,774
Disposals	-	-	(33,541)	-	(3,197)	(168,862)	(205,600)
Balance - End of the Year	5,473,330	5,909,553	6,411,907	504,600	3,898,689	4,903,856	27,101,935
Accumulated Depreciation:							
Balance - beginning of the year	-	3,743,106	4,291,817	362,369	3,136,189	4,155,797	15,689,278
Annual depreciation	-	81,465	618,338	45,471	293,210	229,133	1,267,617
Disposals	-	-	(30,129)	-	(2,768)	(167,454)	(200,351)
Balance - End of the Year	-	3,824,571	4,880,026	407,840	3,426,631	4,217,476	16,756,544
Net book value of property and equipment	5,473,330	2,084,982	1,531,881	96,760	472,058	686,380	10,345,391
Advance payment on property and equipment	-	-	970,069	-	4,775	-	974,844
Projects under construction *	-	16,203,160	1,860,217	-	649,310	4,639	18,717,326
Net Book Value – End of the Year	5,473,330	18,288,142	4,362,167	96,760	1,126,143	691,019	30,037,561
For the year ended December 31, 2019							
Cost:							
Balance - beginning of the year	3,374,438	5,934,268	5,985,378	497,675	3,664,097	4,912,822	24,368,678
Additions	-	-	465,802	21,750	223,916	-	711,468
Disposals	-	(24,715)	(297,151)	(14,825)	(183,275)	(333,419)	(853,385)
Balance - End of the Year	3,374,438	5,909,553	6,154,029	504,600	3,704,738	4,579,403	24,226,761
Accumulated Depreciation:							
Balance - beginning of the year	-	3,686,575	4,014,963	330,827	2,980,517	4,216,547	15,229,429
Annual depreciation	-	81,243	571,643	46,365	337,846	271,286	1,308,383
Disposals	-	(24,711)	(294,789)	(14,823)	(182,175)	(332,036)	(848,534)
Balance - End of the Year	-	3,743,107	4,291,817	362,369	3,136,188	4,155,797	15,689,278
Net book value of property and equipment	3,374,438	2,166,446	1,862,212	142,231	568,550	423,606	8,537,483
Advance payment on property and equipment	-	-	138,178	-	1,879	348,342	488,399
Projects under construction *	-	13,172,907	261,000	-	-	-	13,433,907
Net Book Value – End of the Year	3,374,438	15,339,353	2,261,390	142,231	570,429	771,948	22,459,789
Annual Depreciation Rate %	-	2-15	9-20	15	9-25	9-10	

* Projects under construction represents the amounts paid on the new Head Office building located in Shmeisani, in which its estimated cost of completion amounted to JD 27.5 million, noting that the building is expected to be completed on December 2021.

- The fully depreciated assets on Property and equipment amounted to JD 11,507,177 as of December 31, 2020 (JD 9,871,954 as of December 31, 2019).

13. Intangible Assets - Net

The details of this item are as follows:

	December 31,	
	2020	2019
	JD	JD
Balance - beginning of the year	1,699,612	1,494,202
Additions	262,020	646,842
Amortization of the year	(441,826)	(441,433)
Balance - End of the Year	1,519,806	1,699,611
Amortization Rate %	20	20

14. Lease Contracts

Right-of-use assets:

The Bank leases many assets including land and buildings, noting that the average lease term is 5 years. The following is the movement on the right- of-use assets ' during the year:

	December 31,	
	2020	2019
	JD	JD
Balance - beginning of the year	3,357,169	3,947,943
Add: Additions during the year	521,885	163,711
Less: Depreciation the year	(607,023)	(708,001)
Cancelled contracts	(427,391)	(46,484)
Balance - End of the Year	2,844,640	3,357,169

The amounts recorded on the statement of profit & loss

	December 31,	
	2020	2019
	JD	JD
Depreciation of the year	(646,850)	(715,763)
Interest of the year	(164,543)	(202,929)
Lease expense during the year	(811,393)	(918,692)

Lease liabilities:	December 31,	
	2020	2019
	JD	JD
Balance - beginning of the year	3,223,659	3,947,943
Add: Additions during the year	521,885	163,711
Interest during the year	164,543	202,929
Less: paid during the year	(789,186)	(1,054,901)
Cancelled contracts	(365,576)	(36,023)
Balance - End of the Year	2,755,325	3,223,659

15. Other Assets

The details of this item are as follows:

	December 31, 2020	December 31, 2019
	JD	JD
Accrued revenues and interest	7,071,454	6,326,852
Prepaid expenses	611,454	625,389
Assets seized by the Bank against outstanding debts *	2,449,555	2,429,211
Unrealized derivatives gain / assets	85,468	213,032
Other receivables / Brokerage company	519,167	74,338
Lands held for sale / Brokerage company	1,696,734	1,849,850
Discounted LC's	724,107	18,593,834
Others	2,287,073	2,142,297
Total	15,445,012	32,254,803

* The regulations of the Central Bank of Jordan require disposing of the assets seized by the Bank outstanding against debts on the clients during a maximum period of two years from the date of its acquisition. In exceptional cases , the Central Bank may extend this period to a maximum two consecutive years.

- The following is a summary of the movement on assets seized by the Bank due to outstanding debt:

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
	JD	JD
Balance - beginning of the year	2,429,211	1,794,702
Additions	227,714	164,546
Disposals	(207,370)	(33,340)
Surplus / (Provision) for Assets seized during the year **	-	503,303
Balance - End of the Year	2,449,555	2,429,211

The provision of assets seized by the Bank amounted to JD 100,661 as at December 31, 2020 (JD 100,661 as at December 31, 2019) for the assets seized by the Bank for a period of more than 4 years.

16. Bank and Financial Institutions Deposits

The details of this item are as follows:

	2020			2019		
	Inside Jordan	Outside Jordan	Total	Inside Jordan	Outside Jordan	Total
	JD	JD	JD	JD	JD	JD
Current accounts and demand deposits	-	1,747,479	1,747,479	-	11,959,649	11,959,649
Deposits due within 3 months	26,309,250	129,103,802	155,413,052	1,364,410	156,692,293	158,056,703
Deposits due within 9 - 12 months	-	-	-	-	-	-
Total	26,309,250	130,851,281	157,160,531	1,364,410	168,651,942	170,016,352

17. Customers' Deposits

The details of this item are as follows:

	Retail	Corporate	SMEs	Government and Public Sector	Total
	JD	JD	JD	JD	JD
December 31, 2020					
Current accounts and demand deposits	49,546,697	16,550,085	13,615,008	775,685	80,487,475
Saving deposits	29,648,573	364,501	216,291	201,987	30,431,352
Time and notice deposits	297,239,130	197,904,084	11,339,921	66,889,985	573,373,120
Total	376,434,400	214,818,670	25,171,220	67,867,657	684,291,947
December 31, 2019					
Current accounts and demand deposits	44,486,572	14,889,968	13,220,196	1,023,878	73,620,614
Saving deposits	28,166,082	180,893	437,575	336,109	29,120,659
Time and notice deposits	292,752,175	190,816,036	6,224,521	73,827,030	563,619,762
Total	365,404,829	205,886,897	19,882,292	75,187,017	666,361,035

- The deposits of the governmental and public sector inside Jordan amounted to JD 67,867,657 representing 9.918% of total deposits as of December 31, 2020 (JD 75,187,017 representing 11.283% of total deposits as of December 31, 2019).

- Non-interest bearing deposits amounted to JD 88,910,349, representing 12.993% of total deposits as of December 31, 2020 (JD 78,313,134, representing 11.752% as of December 31, 2019).

- Restricted deposits amounted to JD 96,559,289, representing 14.111% of total deposits as of December 31, 2020 (JD 92,215,864, representing 13.839% of total deposits as of December 31, 2019).

- Dormant accounts amounted to JD 20,189,962 as of December 31, 2020 (JD 12,326,812 as of December 31, 2019).

18. Margin Accounts

The details of this item are as follows:

	December 31, 2020	December 31, 2019
	JD	JD
Margins on direct credit facilities	43,512,259	40,826,130
Margins on indirect credit facilities	5,020,693	5,775,036
Other margins	2,787,751	2,822,911
Total	51,320,703	49,424,077

19. Loans and Borrowings

The details of this item are as follows:

	Amount	Number of Payments: Total Number of Payments	Outstanding Payments	Instalments Maturity	Collaterals	Interest Rate
	JD					
December 31, 2020						
Arab Bank loan *	14,576,373	1	1	36 Months	Mortgage bonds - The Central Bank of Jordan	5.290%
Arab Bank loan **	19,378,304	1	1	36 Months	Mortgage bonds - The Central Bank of Jordan	5.500%
Central Bank of Jordan loan ***	689,489	30	17	semi annual	-	2.500%
Central Bank of Jordan loan ****	607,888	34	34	semi annual	-	3.000%
Central Bank of Jordan loan	23,666	30	13	Monthly	-	1.75%
Jordanian Real Estate Mortgage Re-fund Co. *****	508,411	236	24	Monthly	-	6.850%
Jordanian Real Estate Mortgage Re-fund Co.	15,000,000	1	1	24 Months	Mortgage deeds loan portfolio	4.250%
Jordanian Real Estate Mortgage Re-fund Co.	5,000,692	1	1	24 Months	Mortgage deeds loan portfolio	5.050%
Central Bank of Jordan loan ******	7,280,586	1	1	Quarterly	-	2.000%
Central Bank of Jordan loan *******	8,320,548	1	1	Monthly	-	2.000%
Central Bank of Jordan loan ********	12,263,312	1	1	Monthly	-	2.000%
Central Bank of Jordan loan *********	6,644,372	792	777	Monthly	-	0.000%
ABC (Bahrain) **********	3,190,500	1	1	2 weeks	-	1.000%
Total	93,484,141					
December 31, 2019						
Arab Bank loan *	14,576,373	1	1	36 Months	Mortgage bonds - The Central Bank of Jordan	5.290%
Arab Bank loan **	19,378,304	1	1	36 Months	Mortgage bonds - The Central Bank of Jordan	5.500%
Central Bank of Jordan loan ***	877,598	30	22	semi annual	-	2.500%
Central Bank of Jordan loan ****	439,752	34	34	semi annual	-	3.000%
Central Bank of Jordan loan	56,838	30	25	Monthly	-	1.75%
Jordanian Real Estate Mortgage Re-fund Co. *****	762,689	236	36	Monthly	-	6.850%
Jordanian Real Estate Mortgage Re-fund Co.	15,002,260	1	1	24 Months	Mortgage deeds loan portfolio	5.500%
Jordanian Real Estate Mortgage Re-fund Co.	5,000,000	1	1	24 Months	Mortgage deeds loap Portfolio	6.000%
ABC (Bahrain) ******	1,772,500	1	1	2 weeks	-	1.950%
Total	57,866,314					

* The fund borrowed from the Arab Bank of JD 14,576,373 represents an agreement to repurchase treasury bonds with a nominal value of JD 15 million. Meanwhile, the Bank holds the right to repurchase these bonds on of September 5, 2021.

** The fund borrowed from the Arab Bank of JD 19,378,304 represents an agreement to repurchase treasury bonds with a nominal value of JD 20 million. Meanwhile, the Bank holds right to repurchase these bonds on December 26, 2021.

*** The fund borrowed from the Central Bank of JD 689,489 , as at December 31, 2020, represents the convention on the loan of the Arab Fund for Economic and Social Development to finance the corporate sector, micro & SME's (JD 877,598 as at December 31, 2019).

**** The fund borrowed from the Central Bank of JD 607,888 , as at December 31, 2020, represents the convention on the loan of the Arab Fund for Economic and Social Development to finance the corporate sector, micro & SME's (JD 439,752 as at December 31, 2019).

***** The borrowed funds as at December 31, 2020 amounted to JD 508,411 , at an average interest rate of 6.85% (762,689 at an average of 6.85% as at December 31, 2019).

****** The fund borrowed from the Central Bank of Jordan of JD 7,280,586 represents an agreement to repurchase treasury bonds with a nominal value of JD 7.101 million. Meanwhile, the Bank holds the right to repurchase these bonds on the of January 11, 2021.

******* The fund borrowed from the Central Bank of Jordan of JD 8,320,548 represents an agreement to repurchase treasury bonds with a nominal value of JD 8.286 million. Meanwhile, the Bank holds the right to repurchase these bonds on the of January 15, 2021.

******** The fund borrowed from the Central Bank of Jordan of JD 12,263,312 represents an agreement to repurchase treasury bonds with a nominal value of JD 12.199 million. Meanwhile, the Bank holds the right to repurchase these bonds on the of January 12, 2021.

********* The fund borrowed from the Central Bank of Jordan of JD 6,644,372 represents the convention on the loan corona vairos.

********** The fund borrowed from ABC (Bahrain) of JD 3,190,500 represents an agreement to fund its subsidiary (Arab Cooperation Company).

20. Sundry Provisions

The details of this item are as follows:

	Balance - Beginning of the Year	Additions During the Year	Paid During the Year	Transferred from Provisions	Recovered to Income	Balance - End of the Year
	JD	JD	JD	JD		JD
For the Year Ended December 31, 2020						
Provision for lawsuits against the Group and other liabilities	638,413	-	-	-	-	638,413
Other provisions	2,802,035	593,884	(641,500)	152,549	-	2,906,968
Total	3,440,448	593,884	(641,500)	152,549	-	3,545,381
For the Year Ended December 31, 2019						
Lawsuits against the Group and other liabilities	638,413	-	-	-	-	638,413
Other provisions	128,813	2,673,222	-	-	-	2,802,035
Total	767,226	2,673,222	-	-	-	3,440,448

21. Income Tax

a. Income tax provision

The movement on the income tax provision is as follows:

	For the Year Ended December 31, 2020	2019
	JD	JD
Balance - beginning of the year	2,478,661	4,998,955
Income tax paid	(1,137,194)	(4,598,033)
Accrued income tax	5,114,985	2,077,739
Balance - End of the Year	6,456,452	2,478,661

The income tax expense appearing in the consolidated income statement represents the following:

	2020	2019
	JD	JD
Accrued income tax on the Profit of the year	5,114,985	2,077,739
Deferred tax assets for the year	(2,176,055)	(1,770,713)
Amortization of deferred tax assets	46,347	1,212,862
Deferred tax liabilities for the year	-	456
Total	2,985,277	1,520,344

b. Deferred Tax Assets / Liabilities

The details of this item are as follows:

	For the Year Ended December 31, 2020					2019
	Beginning Balance	Amounts Released	Amounts Added	Ending Balance	Deferred Tax	Deferred Tax
Deferred tax assets	JD	JD	JD	JD	JD	JD
Provision of non performing loans from prior years	9,057	-	-	9,057	3,442	3,442
loss on valuation of financial instruments available for sale	146,621	-	176,125	322,746	122,643	55,716
Difference in credit facilities provision	2,933,594	-	1,467,945	4,401,539	1,672,585	1,114,765
Fair value reserve of shares financial assets	306,757	(127,672)	-	179,085	68,052	116,568
Deffered tax assets resulted from the adoption of IFRS (9)	14,284,958	-	3,500,994	17,785,952	6,332,848	5,006,620
Employees provision	152,547	(152,547)	205,139	205,139	77,953	57,968
Others	1,903,734	-	593,885	2,497,619	949,095	723,419
Total	19,737,268	(280,219)	5,944,088	25,401,137	9,226,618	7,078,498
Deferred tax liabilities						
Unrealized gain of financial assets resulted from the adoption of IFRS (9)	4,453	-	-	4,453	1,692	1,692
Gain of financial assets at fair value through other comprehensive income	5,200,651	-	2,659,972	7,860,623	2,987,037	1,976,247
Fair value reserve of financial assets shares through other comprehensive income	-	-	230,091	230,091	87,434	-
Total	5,205,104	-	2,890,063	8,095,167	3,076,163	1,977,939

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

	For the Year Ended December 31, 2020		For the Year Ended December 31, 2019	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
Balance - beginning of the year	7,078,498	1,977,939	6,401,307	6,894
Additions	2,242,982	1,098,224	1,927,854	1,976,703
Released	(94,862)	-	(1,250,663)	(5,658)
Balance - End of the Year	9,226,618	3,076,163	7,078,498	1,977,939

c. The reconciliation between taxable profit and accounting profit is as follows:

	2020	2019
	JD	JD
Accounting profit	4,207,490	3,455,616
Non-taxable profit	(2,675,912)	(5,727,086)
Non-taxable expenses	6,747,018	5,929,539
Realized gain in retained earnings	-	7,800
Tax profit	8,278,596	3,665,869
Effective income tax rate	83.77%	54.69%

The legal tax rate for banks in Jordan is 35%, plus 3% as national contribution & for subsidiaries, it is 24%, plus 4% as national contribution.

A final settlement has been reached with the Income and Sales Tax Department for the Bank for the years 2016. In addition, the tax return for 2017 and 2018 and 2019 was submitted, and no final decision has been issued thereon by the Income and Sales Tax Department yet.

A final settlement has been reached with the Income and Sales Tax Department for the subsidiary company up to the year 2019, except for the year 2015. The tax return, for the year 2015, was submitted, and it was reviewed by the Income and Sales Tax Department, which issued a decision claiming additional taxes of JD 44,370. However, the subsidiary company filed an objection against this decison at the Objecyions Committee, which subsequently, issued its decision affirming the tax assessor's decision. Consequently, the subsidiary company appealed the Objection Committee's decision before the TAX Court of First Instance, and this case is still pending at court.

22. Other Liabilities

The details of this item are as follows:

	December 31,	
	2020	2019
	JD	JD
Accrued interest expense	4,375,733	7,927,646
Revenue received in advance	80,092	210,115
Accounts payable	9,571,829	9,026,309
Accrued expenses	1,043,227	1,161,301
Unrealized derivatives loss/ liability	372,812	187,228
Certified checks drafted over the Bank	621,152	2,483,047
Provision for indirect facilities' expected credit loss	903,995	1,216,771
Board of Directors' remunerations	140,500	80,000
Incoming transfers	3,053,255	701,611
Deferred revenue	52,685	76,100
Other liabilities	1,418,395	4,308,556
Total	21,633,675	27,378,684

Below is the movement on indirect facilities:

	2020						2019
	Stage (1)		Stage (2)				
	Individual	Collective	Individual	Collective	Stage (3)	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	161,425,054	7,925,683	7,293,442	140	3,946,174	180,590,493	182,184,468
New exposure during the year	84,741,961	1,057,181	2,320,274	648	-	88,120,064	84,310,517
Accrued exposure	(102,649,149)	(1,613,229)	(4,413,740)	(75)	-	(108,676,193)	(85,641,181)
Transferred to stage (1)	1,224,306	116	(1,224,306)	(116)	-	-	-
Transferred to stage (2)	(2,464,314)	(3,040)	2,464,314	3,040	-	-	-
Transferred to stage (3)	(715,926)	-	(251,955)	-	967,881	-	-
Effect of the reclassification	(150,658)	578	166,860	51	-	16,831	(263,311)
Balance at the End of the Year	141,411,274	7,367,289	6,354,889	3,688	4,914,055	160,051,195	180,590,493

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

	2020						2019
	Stage (1)		Stage (2)				
	Individual	Collective	Individual	Collective	Stage (3)	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	659,116	14,248	543,402	5	-	1,216,771	549,884
New exposure during the year	439,915	24,470	67,855	132	-	532,372	799,486
Matured exposure	(413,654)	(2,451)	(408,694)	(3)	-	(824,802)	(231,065)
Transferred to stage (1)	19,267	1	(19,267)	(1)	-	-	-
Transferred to stage (2)	(11,042)	(344)	11,042	344	-	-	-
Transferred to stage (3)	-	-	-	-	-	-	-
Effect of adjustment	2,554	339	(23,237)	(2)	-	(20,346)	98,466
Balance at Year End	696,156	36,263	171,101	475	-	903,995	1,216,771

The distribution of total indirect credit facilities (letters of guarantee) according to the Bank's internal credit rating is as follows:

	December 31, 2020						2019
	Stage (1) Individual	Stage (1) collective	Stage (2) Individual	Stage (2) collective	Stage (3) Individual	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Credit rating categories based on the Bank's internal system:							
1	12,425	-	-	-	-	12,425	14,925
2	-	-	-	-	-	-	-
3	2,000	-	-	-	-	2,000	2,000
4	-	-	-	-	-	-	-
5	59,427,125	-	110,516	-	-	#######	66,492,716
6	32,209,989	-	2,571,504	-	-	#######	43,420,247
7	470,797	-	31,500	-	-	502,297	722,139
8	54,000	-	500	-	-	54,500	948,663
9	-	-	-	-	967,881	967,881	15,000
10	-	-	-	-	-	-	3,716,083
11	-	-	-	-	3,946,174	3,946,174	215,091
Total	92,176,336	-	2,714,020	-	4,914,055	#######	115,546,864

The movement on indirect credit facilities - letters of guarantee

	2020						2019
	Stage (1)		Stage (2)				
	Individual	collectiv	Individual	collectiv	Stage (3)	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance - Beginning of the year	109,840,483	-	1,760,207	-	3,946,174	#######	94,441,126
New exposures during the year	53,977,692	-	20,000	-	-	#######	52,954,583
Paid exposures	(69,050,183)	-	(546,276)	-	-	#######	(31,532,933)
Transferred to stage (1)	664,300	-	(664,300)	-	-	-	-
Transferred to stage (2)	(2,396,344)	-	2,396,344	-	-	-	-
Transferred to stage (3)	(715,926)	-	(251,955)	-	967,881	-	-
Effect of total exposure due to change in the classifietion between stages	(143,686)	-	-	-	-	(143,686)	(315,912)
Effect of adjustment	-	-	-	-	-	-	-
Written-off facilities	-	-	-	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-	-	-	-
Balance - End of the Year	92,176,336	-	2,714,020	-	4,914,055	#######	115,546,864

The movement on provision for the indirect credit facilities - letters of guarantee

	2020						2019
	Stage (1)		Stage (2)				
	Individual	collective	Individual	collective	Stage (3)	total	total
	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	177,180	-	27,235	-	-	204,415	203,712
Impairment losses on new exposures during the year	95,310	-	1,167	-	-	96,477	63,741
recoveries on impairment losses on matured exposure	(148,628)	-	(20,105)	-	-	(168,733)	(60,517)
Transferred to stage (1)	2,279	-	(2,279)	-	-	-	-
Transferred to stage (2)	(10,453)	-	10,453	-	-	-	-
Transferred to stage (3)	-	-	-	-	-	-	-
Effect on the provision at year end due to change in classifications between stages	2,807	-	(3,333)	-	-	(526)	(2,521)
Effect of adjustment	-	-	-	-	-	-	-
Written-off credit facilities	-	-	-	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-	-	-	-
Balance - End of the Year	118,495	-	13,138	-	-	131,633	204,415

The distribution of the total indirect credit facilities (unutilized limit facilities) according to the Bank's internal credit rating is as follows:

	2020						2019
	Stage (1)		Stage (2)				
	Individual	Collective	Individual	Collective	(3) Stage	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Credit rating categories based on the Bank's internal system:							
1	-	842,689	-	-	-	842,689	854,046
2	-	-	-	-	-	-	-
3	-	228,924	-	-	-	228,924	230,250
4	-	293,515	-	-	-	293,515	313,736
5	2,024,852	5,388,682	-	3,505	-	7,417,039	9,717,921
6	29,848,020	1,541,237	2,112,478	-	-	33,501,735	38,489,194
7	-	738	614,726	2,918	-	618,382	329,302
8	-	-	-	-	-	-	191,614
9	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-
11	-	-	-	-	-	-	-
Total	31,872,872	8,295,785	2,727,204	6,423	-	42,902,284	50,126,063

The movement on indirect credit facilities – unutilized limit facilities

	2020						2019
	Stage (1)		Stage (2)				
	Individual	Collective	Individual	Collective	Stage (3)	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance - Beginning of the year	37,368,696	7,925,683	4,831,544	140	-	50,126,063	53,922,769
New exposures during the year	14,024,035	1,985,677	1,414,953	3,383	-	17,428,048	20,557,490
Paid exposures	(20,004,923)	(1,613,229)	(3,194,117)	(75)	-	(24,812,344)	(24,406,797)
Transferred to stage (1)	560,006	116	(560,006)	(116)	-	-	-
Transferred to stage (2)	(67,970)	(3,040)	67,970	3,040	-	-	-
Transferred to stage (3)	-	-	-	-	-	-	-
Effect of total exposure due to change in the classifletion between stages	(6,972)	578	166,860	51	-	160,517	52,601
Effect of adjustment	-	-	-	-	-	-	-
Written-off facilities	-	-	-	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-	-	-	-
Balance - End of the Year	31,872,872	8,295,785	2,727,204	6,423	-	42,902,284	50,126,063

The movement on indirect credit facilities' provision - unutilized limit facilities

	2020						2019
	Stage (1)		Stage (2)				
	Individual	Collective	Individual	Collective	Stage (3)	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance – beginning of the year	438,818	14,248	508,954	5	-	962,025	243,866
Impairment losses on new exposures during the year	290,759	24,470	60,305	132	-	375,666	687,301
recoveries on impairment losses on matured exposure	(222,003)	(2,451)	(381,385)	(3)	-	(605,842)	(70,130)
Transferred to stage (1)	16,988	1	(16,988)	(1)	-	-	-
Transferred to stage (2)	(589)	(344)	589	344	-	-	-
Transferred to stage (3)	-	-	-	-	-	-	-
Effect on the provision - at year end - due to change in classifications between stages	(253)	339	(19,904)	(2)	-	(19,820)	100,987
Effect of adjustment	-	-	-	-	-	-	-
Written-off credit facilities	-	-	-	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-	-	-	-
Balance - End of the Year	523,720	36,263	151,571	475	-	712,029	962,024

The distribution of the total indirect credit facilities (letters of credit) according to the Bank's internal credit rating is as follows:

	2020						2019
	Stage (1)		Stage (2)				
	Individual	Collective	Individual	Collective	Stage (3)	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Credit rating categories based on the Bank's internal system:							
1	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-
5	8,497,642	-	-	-	-	8,497,642	4,823,653
6	7,933,189	-	913,669	-	-	8,846,858	9,948,035
7	-	-	-	-	-	-	145,879
8	-	-	-	-	-	-	-
9	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-
11	-	-	-	-	-	-	-
Total	16,430,831	-	913,669	-	-	17,344,500	14,917,567

The movement on the indirect credit facilities- Letters of credit

	2020						2019
	Stage (1)		Stage (2)				
	Individual	Collective	Individual	Collective	Stage (3)	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance - Beginning of the year	14,215,873	-	701,694	-	-	14,917,567	33,820,573
New exposures during the year	15,809,003	-	885,321	-	-	16,694,324	10,798,445
Paid exposures	(13,594,045)	-	(673,346)	-	-	(14,267,391)	(29,701,451)
Transferred to stage (1)	-	-	-	-	-	-	-
Transferred to stage (2)	-	-	-	-	-	-	-
Transferred to stage (3)	-	-	-	-	-	-	-
Effect of total exposure due to change in the classifiction between stages	-	-	-	-	-	-	-
Effect of adjustment	-	-	-	-	-	-	-
Written-off facilities	-	-	-	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-	-	-	-
Balance - End of the Year	16,430,831	-	913,669	-	-	17,344,500	14,917,567

The movement on indirect credit facilities- Letters of credit

	2020						2019
	Stage (1)		Stage (2)				
	Individual	Collective	Individual	Collective	Stage (3)	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	43,118	-	7,214	-	-	50,332	102,306
Impairment losses on new exposures during the year	53,846	-	6,382	-	-	60,228	48,444
recoveries on impairment losses on matured exposure	(43,023)	-	(7,204)	-	-	(50,227)	(100,418)
Transferred to stage (1)	-	-	-	-	-	-	-
Transferred to stage (2)	-	-	-	-	-	-	-
Transferred to stage (3)	-	-	-	-	-	-	-
Effect on the provision - at year end - due to change in classifications between stages	-	-	-	-	-	-	-
Effect of adjustment	-	-	-	-	-	-	-
Written-off credit facilities	-	-	-	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-	-	-	-
Balance - End of the Year	53,941	-	6,392	-	-	60,333	50,332

23. Paid-up and Issued Capital

The paid-up capital amounted to JD 110,000,000, divided into 110,000,000 shares at a par value of JD 1 per share as of December 31, 2020 and 2019.

24. Reserves

The details of the reserves as of December 31, 2020 and 2019 is as follow:

a. Statutory Reserves

The amounts accumulated in this account represent transfers from the annual profits before tax at a rate of 10% during the year and prior years according to the Bank's regulations, and the reserve amounts may not be distributed to shareholders.

b. Voluntary Reserves

The amounts accumulated in this account represent transfers from the annual profits before tax at a rate not exceeding 20% during the year and prior. The voluntary reserve is used for the purposes determined by the Board of Directors, and the General Assembly of Shareholders have the right to distribute it, wholly or partially, as dividends to shareholders.

The restricted reserves are as follows:

Reserve Type	2020	2019	Nature of Restriction
	JD	JD	
Statutory reserve	28,379,747	27,958,998	According to the Bank's regulations and the Companies Law

25. Fair Value Reserve - Net

This item's details are as follows:

	December 31, 2020				December 31, 2019
	Shares	Bonds	Hedging Derivatives	Total	Total
Balance – beginning of the year	(190,190)	3,224,403	(90,905)	2,943,308	(77,148)
Unrealized gain (losses)	357,763	2,659,972	(176,125)	2,841,610	4,871,704
Deferred tax liabilities	(87,434)	(1,010,789)	-	(1,098,223)	(1,970,589)
Deferred tax assets	(48,515)	-	66,927	18,412	119,341
Balance at the End of the Year	31,624	4,873,586	(200,103)	4,705,107	2,943,308

The reserve is shown at fair value after deducting the deferred tax assets balance of JD 18,412 and tax liabilities of JD 1,098,223 as of December 31, 2020 (Deferred tax assets are JD 119,341 as of December 31, 2019 & offset tax liabilities are JD 1,970,589 as of December 31, 2019).

26. Retained Earnings

The movement on retained earnings is as follows:

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
	JD	JD
Balance - beginning of the year	15,725,766	22,378,254
Gain from sale stocks (OCI)	-	7,800
Income for the year - statement	1,222,213	1,935,274
Transferred from reserves	(420,749)	(345,562)
Dividends distribution	-	(8,250,000)
Balance – End of the Year	16,527,230	15,725,766

- Retained earnings includes a restricted amount of JD 9,226,618 as of December 31, 2020, which represents deferred tax assets (JD 7,078,489 as of December 31, 2019), including capitalization or distribution only to the extent of what is actually recognized according to the instructions of the Central Bank of Jordan and the Jordanian Securities Commission.

- Retained earnings includes an amount of JD 2,761 as of December 31, 2020 (JD 2,761 as an income for the year 2019) which is restricted and represents the effect of early implementation of IFRS No. (9).

27. Expected Credit Loss(Surplus) Provision

This item's details are as follow:

	2020	2019
	JD	JD
Deposits balances at banks and financial institutions	27,787	4
Financial assets at fair value from other comprehensive income	(11,438)	(77,401)
Financial assets at amortized cost	9,739	(50,671)
Direct credit facilities	13,395,903	11,869,646
Discounted letters of credit	(15,524)	(18,471)
Interests and revenues under collection	21,959	(112)
Contingent liabilities and commitments	(312,776)	666,887
	13,115,650	12,389,882

28. Interest Income

The details of this item are as follows:

	2020	2019
	JD	JD
Direct Credit Facilities		
Individual (retail)		
Overdraft	161,019	82,070
Loans and discounted bills	21,810,913	23,864,903
Credit cards	666,515	763,023
Real estate mortgages	4,707,700	5,962,644
Corporate lending		
Overdraft	4,002,209	6,309,354
Loans and discounted bills	9,947,538	12,083,770
Small and medium enterprises lending "SME's		
Overdraft	378,356	439,205
Loans and discounted bills	856,774	876,404
Government and Public Sector	1,035,269	145,233
Balances at central banks	135,662	107,453
Balances and deposits at banks and financial institutions	582,765	1,676,714
Financial assets at fair value through other comprehensive income	6,950,177	6,468,932
Financial assets at amortized cost	8,256,785	9,497,626
Interest income on margin trading financing for the subsidiary customer	2,583,016	2,651,778
Interest income on interest rate swap contracts	207,498	443,416
	62,282,196	71,372,525

29. Interest Expense

The details of this item are as follows:

	2020	2019
	JD	JD
Banks and financial institutions' deposits	2,544,453	5,772,673
Customers deposits :		
Current accounts and demand deposits	43,086	48,101
Saving deposits	24,088	188,800
Time and notice deposits	19,167,799	24,850,814
Margin accounts	1,456,136	1,373,337
Loans and borrowings	3,454,757	4,301,577
Deposits guarantee fees	865,678	821,479
Interest paid on lease liabilities (Rents)	164,543	202,929
Interest paid on interest rate swap contracts	783,517	784,294
	28,504,057	38,344,004

30. Net Income Commission

The details are as follows:

	2020	2019
	JD	JD
Direct facilities commissions	1,936,007	2,100,589
Indirect facilities commissions	1,399,679	1,460,872
Net Income Commission	3,335,686	3,561,461

31. Gain on Foreign Currency Exchange

The details are as follows:

	2020	2019
	JD	JD
Resulted from trading	476,774	479,378
Resulted from revaluation	349,724	556,809
	826,498	1,036,187

32. Gain on Financial Assets at Fair Value from Other Comprehensive Income

The details are as follows:

	2020	2019
	JD	JD
Dividends distribution income for corporations	31,875	35,286
Gains on selling bonds	-	8,149
	31,875	43,435

33. Other Income

The details of this item are as follows:

	2020	2019
	JD	JD
Brokerage commissions at financial markets	1,388,408	920,400
Visa Income	469,118	766,460
Management and consulting fees	14,537	19,572
Transfers commission	163,398	203,339
Recovery of written-off debts	117,423	227,181
Capitalized Gain	29,702	4,643
Returned cheques commission	19,216	65,571
Salaries transfer commission	287,379	292,732
Postal fees	524,027	616,765
Others	451,452	695,441
Total	3,464,660	3,812,104

34. Employees Expenses

The details of this item are as follows:

	2020	2019
	JD	JD
Salaries, benefits and allowances	10,861,518	11,009,856
Employees' bonuses	289,858	327,745
Social security contributions	1,361,789	1,363,136
Medical expenses	585,703	544,240
Training expenses	63,935	89,027
Travel and transportation expenses	6,651	30,837
Other	165,622	204,730
Total	13,335,076	13,569,571

35. Other Expenses

The details of this item are as follows:

	2020	2019
	JD	JD
Tax and fees	668,770	680,337
Computer expenses	1,420,667	1,226,900
Advertising and marketing expenses	1,033,434	441,292
Travel expense	2,373	76,301
General administration expenses (Bahrain)	238,509	315,940
Telecommunication expenses	962,154	946,351
Building Services and benefits expenses	599,148	587,602
Board of Directors' expenses	402,213	493,596
Office supplies expenses	379,471	421,000
Borrowers transactions fees	425,812	530,495
Consulting fees	66,152	88,352
Magazines and newspapers subscription	8,965	11,296
Work-related and statutory fees	427,922	555,907
Board of Directors' bonuses	85,500	80,000
ATM expenses	213,057	222,555
International Visa fees	194,158	215,757
Provisions of lands prepared for sale	153,116	-
Other	547,044	537,458
Total	7,828,465	7,431,139

36. Earning per Share for the Bank's Shareholders

The details are as follows:

	2020	2019
	JD	JD
Profit for the year	1,222,213	1,935,274
Weighted average of the number of shares	110,000,000	110,000,000
Basic and diluted earnings per share (JD/Fils)	-/011	-/018

The basic earnings per share from the profits for the year is equivalent to the diluted earnings per share from the profits for the year.

37. Cash and Cash Equivalent

The details for this item are as follows:

	2020	2019
	JD	JD
Cash and balances with the Central Bank of Jordan maturing within three months	52,217,487	68,048,129
Add: Balances at banks and financial maturing within 3 months	90,014,101	59,264,917
Less: Banks and financial institutions' deposits maturing within 3 months	(157,160,531)	(170,016,352)
	(14,928,943)	(42,703,306)

38. Derivatives

The following schedule represents the positive and negative fair value of financial derivatives, and thedistribution of their nominal value avccording to their maturity :

	Positive Fair Value	Negative Fair Value	Total Nominal Value	Nominal Value Maturity, according to Maturity Dates			
				Within 3 months	3-12 months	1-3 years	More than 3 years
	JD	JD	JD	JD		JD	JD
2020							
Foreign currencies derivatives held for trading	85	50	87,012	87,012	-	-	-
Hedge interest rate swap contracts	-	323	7,090	-	-	3,545	3,545
	85	373					
2019							
Foreign currencies derivatives held for trading	213	41	215,171	76,635	138,536	-	-
Hedge interest rate swap contracts	-	147	10,635	3,545	-	3,545	3,545
	213	188					

The nominal value represents the value of the current transaction for the year-end, and does not reflect market risk and credit risk.

39. Related Party Transactions

Company's Name	Ownership Percentage	Paid-up Capital 2020	Paid-up Capital 2019
	%	JD	JD
Arab Co-operation for Financial Investments Company Ltd	100	15,600,000	15,600,000

All the balances and transactions between the Bank and the subsidiary company were eliminated.

The bank entered into transactions with parent and affiliated companies, directors, senior management and their related concerns in the ordinary course of business at commercial interest and commission rates. All credit facilities granted to related parties are performing loans and are free of any provision for impairment.

The details for this item are as follows:

	Related Party				December 31,	
	Subsidiary Company	Executive Management	Bank's Employees	Board of Directors	2020	2019
	JD	JD	JD	JD	JD	JD
Consolidated Statement of Financial Position Items:						
Direct credit facilities	-	1,849,652	9,789,068	6,938	11,645,658	10,556,643
Balances at banks and financial institutions	11,987,761	-	-	-	11,987,761	17,322,150
Deposits at banks and financial institutions	37,452,830	-	-	-	37,452,830	53,987,887
Customers' deposits	-	2,033,614	1,964,630	1,526,631	5,524,875	4,705,324
Loans and borrowings	3,190,500	-	-	-	3,190,500	1,772,500
Off-Consolidated Statement of Financial Position Items:						
Letters of guarantee	41,549,882	-	-	-	41,549,882	41,178,055
letters of credit	3,815,790	-	-	-	3,815,790	10,482,891
Interest rate swap contracts	7,090,000	-	-	-	7,090,000	10,635,000
Currency swap contracts	32,018,000	-	-	-	32,018,000	76,111,300
					For the year ended December 31	
					2020	2019
Consolidated Statement of Income Items:					JD	JD
Interest and commission income	628,565	84,470	399,836	-	1,112,871	1,901,523
Interest and commissions expense	(545,204)	(68,319)	(41,798)	(55,544)	(710,865)	(1,810,302)

*Interest rates on credit facilities range from 3% to 7.5%, and interest rates on customers' deposits range from 0.01% to 4.5%.

**In addition to what was disclosed in the above table, the total balance of the credit facilities provided to the Bank's related parties, numbering 131 clients, amounted to JD 4,120,351 as of December 31, 2020, against acceptable guarantees of JD 2,276,235 as of December 31, 2020. The interest rates payable on these credit facilities range from 2% to 14%, while the commission rates range from 0.5% to 1%.

Summary of the Bank's Executive Management's Remunerations:

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
	JD	JD
Salaries and bonuses	2,372,229	2,836,459
Total	2,372,229	2,836,459

40. Risk Management

Based on the importance of managing the various risks that surround the Bank's business activities to which the Bank is or may be exposed in the future, the Bank continues to follow a risk management strategy in line with the direction of the Board of Directors, senior management, legislations, and laws issued by the Central Bank of Jordan, as well as with the policies and procedures of the parent institution in Bahrain, where the best international practices and the latest methods and techniques of risk management are applied. Moreover, risk management at the Bank is directly linked to the risk Management Committee of the Board of Directors.

The risk management process involves identification, measurement, evaluation and monitoring of financial and non-financial risks that can negatively affect the overall performance of the Bank. It is the responsibility of senior management to determine the main principles of risks and the amount of risks that the Group can accept, as well as their optimal distribution to the Bank's various business activities and sectors. During 2020 , internal capital adequacy assessment process ICAAP, which included an assessment of the level of internal capital adequacy, legal liquidity ratios and other ratios, was continued on the basis of the expected business strategy for the next three years.

The Bank has been able to maintain a high level of capital adequacy as well as a comfortable liquidity ratio in anticipation of any stressful situations that may occur. It has also been able to maintain the Bank's durability according to ICAAP and Basel III requirements and to keep up with any modifications to the Basel requirements.

The Central Bank of Jordan (CBJ) has released the Stress Testing Instructions, hence the bank has developed a methodology, Policy and Procedure and approved by Board Risk Committee in order to apply these instructions, where Stress tests are considered a key element in risk management process at various level, as follows:

- Considered a major quantitative tool for understanding the bank's risk profile and the ability of the bank to withstand various types of shocks, and high risks.
- An important part of the capital planning process through Internal Capital Adequacy Assessment Process (ICAAP).
- Help the bank to estimate the size of future capital that must be available in the coming years in accordance with its established strategy.
- An important part of identifying, measuring, and controlling liquidity risks in order to assess the bank's liquidity and the adequacy of liquidity shocks mitigating tools.

These tests are designed to assess the bank's financial situation in stress but possible scenario, where the necessary reports have been made and submitted to the Board Risk Committee, which adopt the assumptions and scenarios used, discuss the results of the tests, and adopt the actions to be taken based on these results.

Governance of Stress Testing

Stress tests must be a key part of risk governance and risk management culture of the bank in order to enhance the ability of the bank to identify and control risks.

The Role of the Board of Directors:

- The board of directors must ensure the existence of an effective framework for stress tests to evaluate the ability of the bank to withstand shocks and confront high risks. In this regard, the stress testing program at the bank will be the ultimate responsibility of the board of directors, and approve of the related policies and procedures.

- The board of directors must verify that the risk management department conducts the stress tests on a periodic basis. The board of directors must have a major role in setting the assumptions and the scenarios used, analyzing the stress testing results, and approving the procedures to be implemented based on the stress testing outcomes.

The Role of the Senior Executive Management:

- Executing and monitoring the stress testing program and in line with the methodology adopted by the board of directors which is in line with the determined stress testing based on the Central Bank of Jordan instructions.
- Ensuring the availability of a qualified staff at the risk management department to conduct the stress testing and that the department does possess the appropriate tools and means for the tests.
- Ensuring the availability of a suitable number of possible scenarios that are related to the business of the bank, given that these scenarios are well- understood and documented.
- Using the results of the stress tests in setting and identifying the bank's risk appetite statement, and in planning for capital and liquidity.

The Role of the Risk Management:

To adopt the Central Bank of Jordan instructions related to the design of stress testing program and use of forms and methodologies to determine their impact on the bank to cover, but not be limited to, the following aspects:

- Stress tests must encompass scenarios ranging from the lowest impact to the highest impact
- Making sure that the tests cover all the complex financial products as needed
- Taken into consideration the possible changes in the market circumstances that might adversely impact the bank's exposure to concentration risks
- Stress tests shall include scenarios to evaluate the size and impact of the off- balance sheet assets on other types of risks
- including some scenarios that are related to the reputational risks in stress tests, by reflecting the risks outcome which may have an impact of the Bank's reputation and in which it also reflect on the Bank's liquidity, it's liquid assets, through withdrawals of deposits by some customers.
- The tests used must be appropriate to the degree of risk appetite that the bank has set for itself so that the scenarios selected by the bank commensurate with the size, nature, and complexity of the bank's business as well as the risks associated with the bank.
- The stress testing program must include both quantitative and qualitative methods to improve the comprehensiveness of these tests and make them supportive and complementary to the patterns and approaches of risk management used in the bank.
- The tests must range from simple sensitivity tests that are based on the change(s) in a single risk factor analysis sensitivity and to scenarios that are based on statistical methods which take into consideration the relationships among the drivers of systemic risks in times of crises, noting that the part related to scenario analysis is annually determined by the Central Bank of Jordan.
- Set a suitable dialogue format among the various related parties in order to obtain their views and opinions regarding the possible shocks and stressful situations in case of it occurrence so that it can then identify the assumptions and scenarios suitable for the internal and external risks that the bank might be exposed to. All concerned parties in the bank, such as Compliance Department, Internal Audit Department, Central Operation Department, Legal Department and Businesses Departments and others involved must participate in this dialogue in order to identify the possible shocks for Operational Risk on an annual basis and according to the instructions of the Central Bank of Jordan.
- The results of the tests should be submitted to the Local Assets and Liability Committee and the local Board Risk Committee and the Risk Committee stemmed by the Bank's Board of Directors and on an annual basis.

The Role of the Internal Audit:
The internal audit department is responsible for reviewing and evaluating the stress testing framework at least once a year, and for reporting the results of the review and evaluation to the board of directors.

During 2020 , the Bank reviewed and updated all risk policies based on the determined period for this and in which it ensures all the monitoring and internal requirements to be adopted by the Board of Directors, noting that the Bank keen on periodically reviewing the various policies in order to deal with the surrounding risks and limit their impact.

During 2020, the Bank continued to implement IFRS (9) requirements through applying the methodology adopted by the parent institution in Bahrain with some adjustments to suit the requirements of the Central Bank of Jordan in this regard. Moreover, the expected credit losses (ECL) have been calculated based on the stages of classification of assets within the stages specified in this standard in accordance to the Bank's financial statements for the year 2020. These results were presented to the Board of Directors, Risk Committee of the Board of Directors, and the Local Committee of the Bank. The following represents a background of this methodology:

1. **Definition of the Bank's implementation of default and the mechanism of dealing with default**

   The Bank follows and applies the Central Bank of Jordan's Instructions No. (2009/47) dated December 10, 2009 for the classification of the non-performing accounts for the outstanding Bank's credit portfolio, where it classifies the non-performing debts and interest in suspense automatically within the used Bank's system, and according to the classifications included in the instructions (sub-standard, doubtful debts, and loss debts).

   1) Bank's application of default:
      The Central Bank of Jordan's instructions are applied with regards to the classification of impaired debts and suspension of interest. As for provisions, the Central Bank of Jordan's instructions and the internal Bank's policies are applied, whereby the most conservative results are taken.

   2) Mechanism of default treatment:
      - Scheduling of indebtedness according to the scheduling principles stated in the instructions of the Central Bank of Jordan.
      - Final payments and deducting part of the debt.
      - Taking legal procedures to collect the Bank's rights.
      - Manually transferring non-performing accounts to performing accounts.

      Taking into consideration the instructions of the Central Bank of Jordan and the internal policy adopted by the Bank, where the more conservative and strict procedures are adopted. The classification of risk ratings for non-performing accounts is adopted as follows:

Classification Segment	Internal Classification for Non-performing Facilities
Sub-standard	9
Doubtful debts	10
Loss debts	11

2. **Detailed explanation of the Bank's internal credit classification system and its working mechanism**

The Bank evaluates corporate customers based on Moody's internal evaluation system. Moreover, the evaluation relies on the evaluation of the financial elements and the non-financial elements where the financial statements relating to the results of corporate clients are entered into the internal rating system when granting, reviewing, or modifying the ceilings of the facilities granted to the client within the ratios and financial indicators specified on the system. In addition, there are standards and non-financial requirements entered into the system to extract the customer's degree of risk classification based on the risk classification degree listed below. This degree is entered through the Bank's system, indicating that the classification degrees 7 & 8 also include watch-list facilities accounts. On the other hand, the classification ratings of (9, 10, and 11) relate to the non-performing facilities accounts based on the Central Bank of Jordan's Instructions No. (47/2009). In this respect, the classification related to the watch list and non-performing accounts are performed automatically in the system.

Internal Risk Grade	Description
1	Exceptional
2	Excellent
3	Superior
4	Good
5	Satisfactory
6	Adequate
7	Marginal/Watch list
8	Special mention
NPLs (9,10 &11)	Sub-Standard, Doubtful and Loss

3. **Mechanism adopted for calculating the expected credit losses (ECL) based on financial instruments for each individual item.**

- The expected credit losses are calculated based on financial instruments classified under the amortized cost portfolio or through the other comprehensive income statement based on an individual basis, on debt instruments. The calculation is performed according to the Treasury Department's business model adopted by the Bank's Board of Directors, where these tools are subject to impairment calculation (Expected credit losses) according to IFRS (9) requirements. Meanwhile, loss is recorded in the consolidated statement of Profit or Loss.

- The debt instruments issued or guaranteed by the Government of Jordan are excluded from the expected credit loss.

4. **Regulatory requirements for the implementation of International Financial Reporting Standard (9) including the responsibilities of the Board of Directors and Executive Management in ensuring compliance with the said requirements.**

- The Bank's Board of Directors shall adopt the policies and documents relating to the standards, methodologies, and the basis for calculating the requirements of IFRS (9) according to the Central Bank of Jordan's instructions, including periodically reviewing the results of the expected credit losses calculation and standing up on the developments and updates related to these results, in addition to the basis and other matters related to the calculation.

- The Board of Directors approves any exceptional case in which an allowance is made or expected credit losses are taken, and the adjustments concerning the expected credit losses calculation results according to clear and reliable justifications.

- The Bank's Steering Committee for managing the application of IFRS (9) is chaired by the CEO, and its membership consists of each of the heads of the executive departments concerned with the application. The members represent the heads of the business units, backing and support group, risk management, financial control, and information system management. This Committee supervises the application of IFRS (9) requirements, and is responsible for applying it to ensure that the concerned departments shall implement this plan according to the competence of each to comply with the roles assigned; implement the procedures related to the implementation steps and stages of applying this standard in the Bank; present the completion results once ready; and coordinate with the various credit committees in the Bank to obtain the necessary approvals for the cases that require an adjustment to the results of calculating the volume of the expected losses, and reviewing the result of calculating the volume of credit facilities.

- The Credit Committee presents and reviews the list of accounts that need to be monitored closely and under control in order to verify that the size of the provisions calculated are in accordance with the required standard commensurate with the credit risk related to these accounts.
- The requirements of IFRS (9) has been implemented through the Arab Banking Corporation/parent company in Bahrain. Moreover, agreement has been reached d to apply this standard at the Group's level through Moody's Company.

5. Definition of the mechanism for calculating and controlling the probability of default (PD), credit exposure at default (EAD), and the rate of loss given default (LGD).

- According to IFRS(9), the expected credit loss measurement model has been applied using the following framework:
  Expected Credit Losses = Credit Exposure at Default * Probability of Default * the rate of Loss Given Default.
- Credit exposure is calculated according to the Central Bank of Jordan's instructions as follows: loans and credit facilities (direct and indirect), debt instruments recorded at amortized cost, debt instruments recorded at fair value through the statement of comprehensive income, financial guarantees, credit exposures to bank and financial institution, the unutilized direct limits, taking into consideration the conversion factor for indirect requirements. A rate of 100% has been adopted for calculating the exposure at default.
- The Probability of Default ratios have been calculated according to the results of the evaluation of the risk degree of the credit portfolio of the customers during the past years. Moreover, the required review has been conducted regarding the customer's risk assessment forms for all corporates and banks through Moody's system according to the following table:

Moody's Rating	Notch	ABC – Rating
Aaa	1	1
Aa1	2	2+
Aa2	3	2
Aa3	4	2-
A1	5	3+
A2	6	3
A3	7	3-
Baa1	8	4+
Baa2	9	4
Baa3	10	4-
Ba1	11	5+
Ba2	12	5
Ba3	13	5-
B1	14	6+
B2	15	6
B3	16	6-
Caa1	17	7+
Caa2	18	7
Caa3	19	7-
Ca	20	8
	Sub-Standard	9
	Doubtful	10
	Loss	11

- The loss given default ratio is calculated using the systems approved by the external supplier of Moody's company, assuming that the default happens after calculating the recoverable amount of the credit exposure and the timing of the recovery, taking into consideration the collaterals provided against the credit exposure and the application of the deduction ratios determined in accordance with the internal standards adopted by the Bank.

- The methodology for calculating the expected credit loss in the stage one and two was adopted on a Collective Basis level for the retail portfolio (personal loans, housing loans, credit cards and auto financing loans). Moreover, the Roll Rate Approach was adopted. Such portfolios or products carry similar credit risk and share several elements such as (type of product, quality of collateral provided, nature of financing, duration of financing, sector, etc.)

- The stress tests required in accordance with IFRS (9), which is part of the expected credit loss calculation process, were adopted in three scenarios to study the future forecasts and their effect on the variables of the expected credit loss measurement model, represented by a base scenario, downside scenario, and upside scenario, since we have adopted the weighted probability value for these scenarios.

- As for the calculation of the credit loss under Stage 3, we continue to follow the Central Bank of Jordan's Instructions No. (47/2009) for the classification of non-performing debts, suspension of interest, calculation of provisions and acceptable haircut rates for collateral based on these instructions and the volume of credit losses are calculated based on IFRS 9 in which the more conservative is taken.

6. Determinants of the significant change in the credit risk on which the Bank relies for calculating the expected credit losses

To calculate the size of the credit loss for the facilities of corporate customers and financial institutions (the Banks) of all types to be classified as part of the stage two, the investment portfolio, indirect liabilities on individual basis, the determinants of the significant change in credit risk (SICR) were adopted as follows:

- A decrease or deterioration in the actual internal credit rating of the borrower according to the internal rating system applied by the Bank related to comparison with the internal rating of the borrower at the time of granting the loan.

- Accounts with no risk rating degree on the system at the facility granting and their current degree of risk rating 5+ or worse classified in stage two.

- The unpaid accruals on one of the client accounts or the borrower equal to or greater than 30 days.

- Accounts classified as watch list (internal ratings 7 and 8).

- Accounts that need to be actively monitored by the Bank within the account.

- Accounts that have restructured the debtor's obligations (structuring obligations).

- As for the credit portfolio for retail facilities of all types, the customers' loans with dues for more than or equal to 30 and less than 90 days are classified in the stage two, in addition to the restructured accounts.

7. The Bank's policy in identifying the common elements (characteristics) on which the credit risk and expected loss are based on a collective basis

- The methodology for calculating the expected credit loss in stage one and two was adopted at the Collective Base level for the retail portfolio (personal loans, personal loans against cash margins, housing loans, credit cards, and auto financing loans). Moreover, the Roll Rate Approach was adopted. Such portfolios or products carry similar credit risks and share several elements such as (type of product, quality of collateral provided, nature of financing, duration of financing, sector, etc.).

- The roll-rate approach was used to calculate the probability of default for retail products for each product based on the reports extracted from the Bank during the past years and monthly to determine the distribution of dues. The loss given default ratio was calculated by reference to the size of the realized recoveries of the NPL portfolio for each type of the retail portfolio, including the overdrawn account during the previous years.

- Recently, an independent and more detailed methodology has been developed to calculate the expected credit loss of the credit portfolio granted by the subsidiary "Arab Co-operation for Financial Investments", representing the financing of shares within margin trading and Spot trading products for Stage (1), Stage (2), and Stage (3). In this regard, the risk rating of the performing portfolio customers classified within Stage (1) has been considered one notch less than the risk rating of the country (Jordan). Meanwhile, the risk rating of the customers classified within Stage (2) has been considered four notches less the risk rating of the country (Jordan). As for the maturity of the credit facilities, the maturity date of the margin trading product has been considered one whole year for the credit facilities classified within Stage (1). At the same time, 4 years have been added to the credit facilities classified within stage (2). As for Spot trading product, the maturity of these facilities is 3 months, whereas for the loss given default, 5 %(LGD Floor) has been adopted for the facilities classified within Stage (1) (calculated according to the coverage percentage of the existing credit facilities), and 10% for the LGD Floor for the customers classified within Stage (2). As for the classification of Stage (3) (Defaulted accounts), the Company adopts the approved internal policy in this regard.

8. Primary economic indicators used by the Bank in calculating the expected credit loss probability of default (PD)

The parent institution in Bahrain used an external supplier to conduct the calculation of expected credit loss by adopting three scenarios to study the future forecasts and their impact on the variables of the credit loss measurement model. The economic factors used in the calculation were the economic growth ratios in Jordan and the stock price index.

The banking significant risk for the Group and management tools to handle it:

(40/a) Credit Risk

Credit risk represents the other party's default or inability of the financial instrument to meet its obligations toward the Group which could result in a loss. The Bank divides the direct credit facilities portfolio into four sections comprising credit facilities for governments and financial institutions, including banks and companies, consisting of both corporate and medium-size facilities; as well as retail facilities, including personal loans, housing loans and other products such as credit cards and personal car loans. These policies include rules and procedures that must be adhered to when granting or renewing facilities. They also include a special evaluation for each customer through rating, whereby CreditLens is currently used to classify the facilities of corporates and medium companies, and in which is performed automatically. In addition, a Credit Scoring model is adopted to assess customers included in the retail portfolio.

The Bank is also pursuing a policy of diversification at the level of customers, economic sectors and geographical regions, which contributes to reducing the degree of credit risk. In order to control the risks of lending, the Risk Management Committee of the Board of Directors holds periodic meetings to discuss all matters related to credit risk, and is provided with quarterly reports on the distribution of the facility portfolio in terms of economic distribution, credit rating, geographical distribution, tenor for facilities, volume of expected credit losses, review of the results of regulatory and internal capital adequacy ratios, and the results of stress testing and risk appetite limits, which determine the direction of the Bank in the upcoming period. The adequacy of the impairment provision for the credit facilities is reviewed periodically in accordance with the instructions of the Central Bank of Jordan. Moreover, the volume of expected credit losses is reviewed in accordance with IFRS (9).

The details of the direct credit facilities portfolio are stated in Note (8). In addition, the Group's off-balance sheet financial position obligations carrying credit risks are detailed in Note (40).

Rescheduled Debts:

These represent the debts pre-classified as non-performing credit facilities and derecognized as non-performing credit facilities according to assets rescheduling, and recognized as stage 2 debts. The total rescheduled debts amounted to JD 527,977 during 2020 (JD 721,334 during 2019).

Restructured Debts:

Restructuring means rearranging the credit facilities through amending the installments, prolonging the facilities, postponing some other installments, increasing the grace period, or classifying the credit facilities as debts under Watch list. Restructured debts totaled JD 16,037,230 including some accounts that have been restructured twice during the year totaling JD 9,374,285 as of December 31, 2020 (a total of JD 30,402,512 as of December 31, 2019 , including some accounts that have been restructured twice during the year with a total of JD 8,557,295).

1 - Credit Exposures Distributions

Internal Rating for the Bank	External Institutions Classification	Category Classification According to (2009/47)	Total Exposure Value	Expected Credit Loss	Probability of Default	Exposure when Default	Average Loss on Default
			JD	JD	%	JD	%
1	Aaa	Performing Loans	14,139,805	17,251	From 0.0001 - To 0.0002	13,314,243	From 0.02 - To 0.5071
2	Aa1 , Aa2 , Aa3	Performing Loans	30,886,928	1,118	From 0.0003 - To 0.0006	30,888,046	From 0.2926 - To 0.4529
3	A1 , A2 , A3	Performing Loans	20,200,014	20,883	From 0.0005 - To 0.0036	19,991,973	From 0.02 - To 0.4927
4	Baa1 , Baa2 , Baa3	Performing Loans	41,199,584	282,014	From 0.0014 - To 0.0083	41,188,083	From 0.02 - To 0.5083
5	Ba1 , Ba2 , Ba3	Performing Loans	376,070,650	2,309,955	From 0.0067 - To 0.0472	321,622,142	From 0.02 - To 0.602
6	B1 , B2 , B3	Performing Loans	753,866,747	5,054,113	From 0.021 - To 0.1161	728,847,184	From 0.02 - To 0.5353
7	Caa1 , Caa2 , Caa3	Performing Loans	15,046,845	1,587,333	From 0.0645 - To 0.1856	19,330,866	From 0.02 - To 0.543
8	Ca	Performing Loans	19,161,738	5,155,103	From 0.2374 - To 0.26	24,260,842	From 0.02 - To 0.527
Total			1,270,572,311	14,427,770		1,199,443,379	
Non-performing exposures							
9		Non Performing	1,801,811	3,171,394	100%	4,973,205	
10		Non Performing	818,868	5,256,968	100%	6,075,835	
11		Non Performing	8,554,357	34,049,848	100%	42,604,205	
Total			11,175,036	42,478,210		53,653,245	
Net total			1,281,747,347	56,905,980		1,253,096,624	

2. Credit risk according to economic sectors:

a. Distributions according to financial instruments exposure:

	2020										2019
	Financial	Industrial	Trading	Real Estate	Agriculture	Stock	Individuals	Government and Public	Other Services	Total	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cash at central Banks	-	-	-	-	-	-	-	45,522,857	-	45,522,857	60,607,832
Balances at banks and financial institutions	89,979,061	-	-	-	-	-	-	-	-	89,979,061	59,257,664
Deposits at banks and financial institutions	7,343,135	-	-	-	-	-	-	-	-	7,343,135	2,603,874
Direct Credit facilities	10,575,243	113,207,356	47,441,889	86,059,002	1,462,908	26,420,367	282,765,937	30,119,417	51,889,813	649,941,932	621,003,454
										-	
Bonds and bills:										-	
Within: Financial assets at amortized cost	14,980,132	-	-	-	-	-	-	111,863,616	-	126,843,748	137,461,461
Within: Financial Assets through other comprehensive income	7,372,749	-	-	-	-	-	-	124,959,607	-	132,332,356	146,201,521
Within: Mortgaged financial assets	-	-	-	-	-	-	-	62,631,159	-	62,631,159	35,012,800
Other Assets	936,760	765,374	324,771	181,865	116	-	939,351	4,832,917	24,745	8,005,899	25,118,885
Total for the year	131,187,080	113,972,730	47,766,660	86,240,867	1,463,024	26,420,367	283,705,288	379,929,573	51,914,558	1,122,600,147	1,087,267,491
Letter of guarantees	60,354,349	5,615,165	9,972,300	11,482,231	59,757	-	-	-	12,188,976	99,672,778	115,342,449
Letter of credit	449,291	8,510,524	6,646,396	-	-	-	-	-	1,677,956	17,284,167	14,867,235
Other Liabilities	7,094,336	4,109,822	13,364,489	3,258,030	198,811	929,163	7,336,154	-	5,899,450	42,190,255	49,164,038
Total	199,085,056	132,208,241	77,749,845	100,981,128	1,721,592	27,349,530	291,041,442	379,929,573	71,680,940	1,281,747,347	1,266,641,213

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

	2020						2019
	Stage (1)		Stage (2)				
	Individual	Collective	Individual	Collective	Stage (3)	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Financial	198,984,147	-	49,358	-	51,551	199,085,056	194,515,658
Industrial	100,471,117	-	27,183,607	-	4,553,517	132,208,241	144,987,253
Trading	51,841,845	-	25,434,521	-	473,479	77,749,845	103,651,891
Real Estates	22,438,516	56,081,325	3,347,283	14,563,587	4,550,417	100,981,128	102,326,665
Agriculture	859,075	-	33,567	-	828,950	1,721,592	1,938,970
Stock	-	23,033,554	-	4,317,992	(2,016)	27,349,530	24,757,074
Individual	890,463	281,506,779	-	7,966,617	677,583	291,041,442	252,453,773
Government and public sector	379,929,573	-	-	-	-	379,929,573	370,616,885
Other Services	70,392,058	-	1,247,328	-	41,554	71,680,940	71,393,044
Total	825,806,794	360,621,658	57,295,664	26,848,196	11,175,035	1,281,747,347	1,266,641,213

3. Exposure distribution according to geographical distribution

a. Total exposure distribution according to geographic region:

	2020								2019
	Inside Jordan	Other Middle East Countries	Europe	Asia	Africa	America	Other Countries	Total	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cash and balances at central banks	45,522,857	-	-	-	-	-	-	45,522,857	60,607,832
Balances at banks and financial institutions	35,415,535	27,757,518	8,880,886	539,403	150,120	17,235,599	-	89,979,061	59,257,664
Deposits at banks and financial institutions	-	3,798,135	-	-	-	3,545,000	-	7,343,135	2,603,874
Credit facilities	649,941,932	-	-	-	-	-	-	649,941,932	621,003,454
								-	
Bonds and bills:								-	
Within: Financial assets through other comprehensive income	124,959,607	7,372,749	-	-	-	-	-	132,332,356	146,201,521
Within: Financial assets at amortized cost	126,843,748	-	-	-	-	-	-	126,843,748	137,461,461
Mortgaged financial assets (liabilities)	62,631,159							62,631,159	35,012,800
Other assets	7,131,219	869,138	-	579	-	4,963	-	8,005,899	25,118,885
Total for the year	1,052,446,057	39,797,540	8,880,886	539,982	150,120	20,785,562	-	1,122,600,147	1,087,267,491
Letters of guarantees	39,702,833	9,497,357	38,835,092	-	37,554	4,706,796	6,893,146	99,672,778	115,342,449
Letters of credit	16,834,876	285,163	-	-	164,128	-	-	17,284,167	14,867,235
Other Liabilities	42,190,255	-	-	-	-	-	-	42,190,255	49,164,038
Total	1,151,174,021	49,580,060	47,715,978	539,982	351,802	25,492,358	6,893,146	1,281,747,347	1,266,641,213

b. Exposure distribution according to staging (IFRS 9)

	2020						2019
	Stage (1)		Stage (2)				
	Individual	Collective	Individual	Collective	Stage (3)	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Inside Jordan	695,233,468	360,621,658	57,295,664	26,848,196	11,175,035	1,151,174,021	1,124,869,559
Other Middle East countries	49,580,060	-	-	-	-	49,580,060	51,921,549
Europe	47,715,978	-	-	-	-	47,715,978	57,363,213
Asia	539,982	-	-	-	-	539,982	22,004,945
Africa	351,802	-	-	-	-	351,802	304,504
America	25,492,358	-	-	-	-	25,492,358	10,177,443
Other Countries	6,893,146	-	-	-	-	6,893,146	-
Total	825,806,794	360,621,658	57,295,664	26,848,196	11,175,035	1,281,747,347	1,266,641,213

4. Credit exposures that have been reclassified

a. Total credit exposures that have been reclassified:

	2020					
	Stage (2)		Stage (3)			
	Total Exposures Amount	Exposures that have been Reclassified	Total Exposures Amount	Exposures that have been Reclassified	Total Exposures that have been Reclassified	Percentage of Exposures that have been Reclassified
	JD	JD	JD	JD	JD	%
Balances at banks and financial institutions						
Direct credit facilities	77,954,122	13,284,821	6,262,998	1,625,426	14,910,247	0.85%
Within: Financial assets through other comprehensive income	-	-	-	-	-	
Total	77,954,122	13,284,821	6,262,998	1,625,426	14,910,247	0.85%
Letters of guarantee	2,700,878	2,385,891	4,914,055	967,881	3,353,772	0.19%
Letters of credit	907,278	-	-	-	-	0.00%
Other liabilities	3,167,593	70,778	-	-	70,778	0.04%
Net Total	84,729,871	15,741,490	11,177,053	2,593,307	18,334,797	1.05%

	2019					
	Stage (2)		Stage (3)			
	Total Exposures Amount	Exposures that have been Reclassified	Total Exposures Amount	Exposures that have been Reclassified	Total Exposures that have been Reclassified	Percentage of Exposures that have been Reclassified
	JD	JD	JD	JD	JD	%
Balances at banks and financial institutions	14,175,555	-	-	-	-	
Direct credit facilities	89,979,470	21,365,432	7,305,277	5,769,638	27,135,070	3.048
Within: Financial assets through other comprehensive income	-	-	-	-	-	
Total	104,155,025	21,365,432	7,305,277	5,769,638	27,135,070	3.048
Letters of guarantee	1,732,970	257,829	3,946,174	3,946,174	4,204,003	0.472
Letters of credit	694,481	-	-	-	-	0
Other liabilities	4,351,310	960,816	-	-	960,816	0.108
Net Total	110,933,786	22,584,077	11,251,451	9,715,812	32,299,889	3.629

Reclassified credit exposures

b. Expected credit loss for exposures that have been reclassified:

	2020							
	Exposures that have been reclassified			Expected credit loss due to reclassified exposures				
				Stage (2)		Stage (3)		
	Exposure Reclassified from Stage (2)	Exposure Reclassified from Stage (3)	Total	Individual	Collective	Individual	Collective	Total
Description	JD	JD	JD	JD	JD	JD	JD	JD
Direct credit facilities	13,284,821	1,625,426	14,910,247	83,059	559,510	4,911,406	296,703	5,850,678
Total	13,284,821	1,625,426	14,910,247	83,059	559,510	4,911,406	296,703	5,850,678
Letters of guarantee	2,385,891	967,881	3,353,772	10,453				10,453
Letters of credit								-
Other liabilities	70,778	-	70,778	940				940
Net Total	15,741,490	2,593,307	18,334,797	94,452	559,510	4,911,406	296,703	5,862,071

	2019							
	Exposures that have been reclassified			Expected credit loss due to reclassified exposures				
				Stage (2)		Stage (3)		
	Exposure Reclassified from Stage (2)	Exposure Reclassified from Stage (3)	Total	Individual	Collective	Individual	Collective	Total
Description	JD	JD	JD	JD	JD	JD	JD	JD
Direct credit facilities	21,365,432	5,769,638	27,135,070	559,949	543,708	14,330,369	-	15,434,027
Total	21,365,432	5,769,638	27,135,070	559,949	543,708	14,330,369	-	15,434,027
Letters of guarantee	257,829	3,946,174	4,204,003	1,171	-	-	-	1,171
Letters of credit	-	-	-	-	-	-	-	-
Other liabilities	960,816	-	960,816	104,718	-	-	-	104,718
Net Total	22,584,077	9,715,812	32,299,889	665,838	543,708	14,330,369	-	15,539,916

5. Credit Risk Exposures (after provision for impairment, outstanding interest and before collateral and other risk mitigators

	December 31,	
	2020	2019
	JD	JD
Consolidated Financial Position Items		
Balances at central banks	45,522,857	60,607,832
Balances at banks and financial institutions	89,979,061	59,257,664
Deposits at banks and financial institutions	7,343,135	2,603,874
Credit facilities at amortized costs- net:		
Individual	300,890,814	262,468,049
Real estate mortgages	71,071,805	74,639,249
Companies		
Corporates	225,346,151	255,121,085
SME's	22,513,745	17,135,493
Government and Public Sector	30,119,417	11,639,578
Bonds, bills and debentures:		
Within: Financial Assets through other comprehensive income	132,332,356	146,201,521
Within: Financial assets at amortized cost	126,843,748	137,461,461
Mortgaged financial assets	62,631,159	35,012,800
Financial instrument derivatives	-	-
Other Assets	8,005,899	25,118,885
Total	1,122,600,147	1,087,267,491
Items off-consolidated statement of financial Position		
Letters of guarantees	99,672,778	115,342,449
Letters of credit	14,198,421	8,545,841
Acceptances	3,085,746	6,321,394
Un-utilized facilities ceilings	42,190,255	49,164,038
Total	159,147,200	179,373,722
Net total	1,281,747,347	1,266,641,213

The guarantees against the loans and facilities are as follows:

- Real Estate Mortgage
- Financial Instruments Mortgage, such as shares
- Bank Guarantee
- Cash Warranty
- Governmental Guarantee

The management observes the market value of collaterals periodically. In case there is a decline in the value of the collaterals, the Bank requests additional collaterals to cover the deficiency in value. In addition, the Group evaluates the collaterals against non-performing credit facilities periodically.

Adjusted Financial Assets:

Rescheduled Debts:

These represent the debts pre-classified as non-performing credit facilities and derecognized as non-performing credit facilities according to assets rescheduling, and recognized as stage 2 debts during the year 2020, The total rescheduled debts amounted to JD 527,977 as of the end of the current year against an amount of JD 721,334 as of the end of the prior year.

Restructured Debts:

Restructuring means rearranging the performing credit facilities through amending the installments, prolonging the facilities, postponing some other installments, increasing the grace period, according to the customers cash flows in which it will help them in settling their obligations against the Bank. Restructured debts totaled JD 16,037,230 including some accounts that have been restructured twice during the year totaling JD 9,374,285 as of December 31, 2020 against an amount of JD 30,402,512 as of the end of the prior year.

6. Expected credit loss as of December 31 2020:

	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
Description	JD	JD	JD	JD	JD	JD
Balances at banks and financial institutions	35,040	-	-	-	-	35,040
Credit facilities	2,243,122	1,958,144	6,870,848	2,362,843	42,478,210	55,913,167
Debt Instruments within financial assets portfolio at amortized cost	19,868	-	-	-	-	19,868
Debt instruments within financial assets at fair value through other comprehensive income	9,125	-	-	-	-	9,125
Letters of guarantee	118,495	-	13,138	-	-	131,633
Un-utilized ceilings	523,720	36,263	151,571	475	-	712,029
Letters of credit	53,941	-	6,392	-	-	60,333
Other	4,278	-	20,507	-	-	24,785
Total	3,007,589	1,994,407	7,062,456	2,363,318	42,478,210	56,905,980

Expected credit loss as of December 31, 2019

	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
Description	JD	JD	JD	JD	JD	JD
Balances at banks and financial institutions	2,808	-	4,445	-	-	7,253
Credit facilities	1,661,551	1,471,697	4,676,629	1,538,740	33,196,576	42,545,193
Debt instruments within financial assets portfolio at amortized cost	10,129	-	-	-	-	10,129
Debt instruments within financial assets at fair value through other comprehensive income	20,563	-	-	-	-	20,563
Letters of guarantee	177,180	-	27,235	-	-	204,415
Un-utilized ceilings	438,817	14,248	508,954	5	-	962,024
Letters of credit	43,119	-	7,213	-	-	50,332
Other	17,961	-	389	-	-	18,350
Total	2,372,128	1,485,945	5,224,865	1,538,745	33,196,576	43,818,259

Collaterals maintained as an Insurance and other credit supporting:

The Bank maintains collaterals or other credit supporting to reduce from the credit risks related to financial assets. The Group maintains of financial assets with a total amount of JD 1.282 millions as of December 31, 2020 (against JD 1.267 millions as of December 31,2019). The total maintained collaterals at the end of the report equales to JD 185 millions as of December 31, 2020 (against JD 185.1 millions as of December 31, 2019). Noting that the collaterals value are not recognized less than the amount which will reduce from the credit risk. No changes occurred in collaterals polices at Bank during the current year.

The following the collateral fair value distribution against the total credit exposure:

		Collateral Fair Value								
Description	Total exposure	Cash Margins	Trading shares	Accepted Bank Guarantees	Real Estate	Cars & Vehicles	Others	Total Collateral Value	Net Exposed -Post collateral	Expected Credit Loss
2020	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	45,522,857	-	-	-	-	-	-	-	45,522,857	-
Balances at banks and financial Institutions	89,979,061	-	-	-	-	-	-	-	89,979,061	35,039
Deposits at banks and financial Institutions	7,343,135	-	-	-	-	-	-	-	7,343,135	-
Individuals	300,890,814	22,721,179	18,905,331		112,807	399,521	3,059	42,141,897	258,748,917	20,260,675
Real estate Loans	71,071,805	602,981	-	-	67,958,786	-	2,838,391	71,400,158	328,353-	724,144
Corporates										
Corporate enterprises	225,346,151	4,820,256	11,354,979	10,109	15,332,898	7,828,109	212,854	39,559,205	185,786,946	32,715,860
Small and medium enterprises (SME's)	22,513,745	6,566,927	-	-	6,002,840	450,926	5,656,921	18,677,614	3,836,131	2,103,565
Governments and public sector	30,119,417	529,754	-	-	-	-	-	529,754	29,589,663	108,923
Bonds, bills and debentures as follows:										
Within Financial assets at fair value through other comprehensive Income	132,332,356	-	-	-	-	-	-	-	132,332,356	9,125
Within Financial assets at amortized cost	126,843,748	-	-	-	-	-	-	-	126,843,748	19,868
Mortgaged financial assets (Debt Instruments)	62,631,159	-	-	-	-	-	-	-	62,631,159	-
Other assets	8,005,899	-	-	-	-	-	-	-	8,005,899	24,785
Total	1,122,600,147	35,241,097	30,260,310	10,109	89,407,331	8,678,556	8,711,225	172,308,628	950,291,519	56,001,984
Letters of guarantees	99,672,778	4,879,472	-	-	4,011,891	-	-	8,891,363	90,781,415	131,633
Letters of credits	17,284,167	143,344	-	-	-	-	-	143,344	17,140,823	60,333
Other liabilities	42,190,255	1,681,961	-	-	1,779,258	22,949	365,871	3,850,039	38,340,216	712,029
Net Total	1,281,747,347	41,945,874	30,260,310	10,109	95,198,480	8,701,505	9,077,096	185,193,374	1,096,553,973	56,905,979
Net Total for the Previous Year	1,266,641,213	40,613,215	28,495,785	147,725	104,421,437	8,430,528	3,557,193	185,655,883	1,080,985,330	43,818,259

Following the collateral fair value distribution against the total credit exposure:

Description	Total exposure	Collateral Fair Value: Cash Margins	Trading shares	Accepted Bank Guarantees	Real Estate	Cars & Vehicles	Others	Total Collateral Value	Net Exposed -Post collateral	Expected Credit Loss
2019	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	60,607,832	-	-	-	-	-	-	-	60,607,832	-
Balances at banks and financial institutions	59,257,664	-	-	-	-	-	-	-	59,257,664	7,253
Deposits at banks and financial institutions	2,603,874	-	-	-	-	-	-	-	2,603,874	-
Individuals	262,468,049	19,889,490	19,050,182	-	79,960	574,997	-	39,594,629	222,873,420	18,445,617
Real estate Loans	74,639,249	177,792	-	101,026	71,292,945	-	3,233,777	74,805,540	(166,291)	563,231
Enterprises										
Corporate enterprises	255,121,085	5,493,400	9,435,603	45,699	21,815,428	7,470,768	-	44,261,918	210,859,167	21,765,141
Small and medium enterprises (SME's)	17,135,493	6,499,358	-		5,976,628	362,518	323,416	13,161,920	3,973,573	1,662,281
Governments and public sector	11,639,578	783,986	-		-	-	-	783,986	10,855,592	108,923
Bonds, bills and debentures										
Within: Financial Assets through profit and loss										
Within: Financial assets at fair value through other	146,201,521	-	-	-	-	-	-	-	146,201,521	20,563
comprehensive income	137,461,461	-	-	-	-	-	-	-	137,461,461	10,129
Within: Financial assets at amortized cost										
Mortgaged financial assets (Debt Instruments)	35,012,800	-	-	-	-	-	-	-	35,012,800	-
Other assets	25,118,885	-	-	-	-	-	-	-	25,118,885	18,350
Total	1,087,267,491	32,844,026	28,485,785	147,725	99,164,961	8,408,303	3,557,193	172,607,993	914,659,498	42,601,488
Letters of guarantee	115,342,449	4,803,829	-	-	3,748,416	-	-	8,552,245	106,790,204	204,415
Letters of credit	14,867,235	917,004	-	-	-	-	-	917,004	13,950,231	50,332
Other liabilities	49,164,038	2,048,356	-	-	1,508,060	22,225	-	3,578,641	45,585,397	962,024
Net Total	1,266,641,213	40,613,215	28,485,785	147,725	104,421,437	8,430,528	3,557,193	185,655,883	1,080,985,330	43,818,259
Net Total for the Previous Year	1,286,361,133	37,085,037	26,787,707	-	100,125,021	8,260,190	5,114,664	177,372,619	1,108,988,514	32,155,188

The following is the collaterals fair value distribution against the total credit exposure for stage (3) :

Description	Total Exposure	Collateral Fair Value						Total Collateral Value	Net Exposed - Post collateral	Expected Credit Loss
		Cash Margins	Trading Shares	Accepted Bank Guarantees	Real Estate	Cars & Vehicles	Others			
2020	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	-	-	-	-	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Deposits at banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Credit facilities:								-	-	
Individuals	675,497	-	39	-	-	58,915		58,954	616,543	16,346,984
Real estate loans	426,897	104,428	-	-	613,186	-	-	717,614	(290,717)	435,800
Corporate enterprises	4,143,005	1,338	-	-	5,452,701	37,500		5,491,539	(1,348,534)	23,823,904
Small and medium enterprises	1,015,583	52,345	-	10,109	1,700,189	-	-	1,762,643	(747,060)	1,871,522
Governments and public sector	-	-	-	-	-	-	-	-	-	-
Bonds and bills and debentures:									-	
Within: Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-
Within: Financial assets at amortized cost	-	-	-	-	-	-	-	-	-	-
Mortgaged financial assets (Debt Instruments)	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total	6,260,982	158,111	39	10,109	7,766,076	96,415	-	8,030,750	(1,769,768)	42,478,210
Letters of guarantee	4,914,055	824,550			75,845			900,395	4,013,660	-
Letters of credit	-	-	-	-	-	-	-	-	-	-
Other Liabilities	-	-	-	-	-	-	-	-	-	-
Net Total	11,175,037	982,661	39	10,109	7,841,921	96,415	-	8,931,145	2,243,892	42,478,210
Net Total for the Previous Year	11,251,450	209,711	344,764	147,725	7,772,229	98,413	-	8,572,842	2,678,608	33,196,575

7 - bonds and Treasury bills

the table below shows the classifications of bounds and treasury bills according to the external clasification ratings (S&P):

2020				
Classification grade	Within financial assets at mortgaged cost	Other financial within financial assets through comprehensive income	Within other financial assets at amortized cost	Total
	JD	JD	JD	JD
AAA	-	-	-	-
AA+	-	-	-	-
AA	-	3,716,188	-	3,716,188
AA-	-	-	-	-
A+	-	-	-	-
A	-	-	-	-
A-	-	-	-	-
BBB+	-	3,656,561	-	3,656,561
BBB	-	-	-	-
BBB-	-	-	-	-
BB+	-	-	-	-
BB	-	-	-	-
BB-	-	-	-	-
B+	-	-	-	-
B	-	-	-	-
B-	-	-	-	-
CCC-	-	-	-	-
C	-	-	-	-
Unclassified	-	-	14,980,132	14,980,132
Governmental or guaranteed from government	62,631,159	124,959,607	111,863,616	299,454,382
Total	62,631,159	132,332,356	126,843,748	321,807,263

2019				
Classification grade	Within financial assets at mortgaged cost	Other financial within financial assets through comprehensive income	Within other financial assets at amortized cost	Total
	JD	JD	JD	JD
AAA	-	-	-	-
AA+	-	-	-	-
AA	-	3,553,189	-	3,553,189
AA-	-	-	-	-
A+	-	-	-	-
A	-	-	-	-
A-	-	-	-	-
BBB+	-	3,587,008	-	3,587,008
BBB	-	-	-	-
BBB-	-	-	-	-
BB+	-	-	-	-
BB	-	-	-	-
BB-	-	3,532,983	-	3,532,983
B+	-	-	-	-
B	-	-	-	-
B-	-	-	-	-
CCC-	-	-	-	-
C	-	-	-	-
Unclassified	-	-	14,989,871	14,989,871
Governmental or guaranteed from government	35,012,800	135,528,341	122,471,590	293,012,731
Total	35,012,800	146,201,521	137,461,461	318,675,782

All Bonds listed above are classiffed within stage 1.

(40/B) Market risk
Market risk relates to the losses from the financial positions on- and off- the statement of financial position arising from the changes in interest rates, exchange rates, and shares' prices. Moreover, market risk is monitored and managed by the Market Risks Department related to the Risk Management Department, in addition to other committees and regulatory entities, including the Assets and Liabilities Committee and Risk Management Committee which comprises of some members of the Board of Directors and the Risk management supervisors.

The Bank manages market risks from the Bank's investments in bonds and shares, exchange of foreign currencies swap contracts, and certificates of deposit using multiple advanced techniques in order to achieve comprehensive management for this kind of risks such as VaR (Value at Risk) which the Bank calculates daily, in a way that includes all the Bank's portfolios subject to risks (Interest rates instruments, Equity instruments for trade, and the foreign currencies centers), by using the (Historical Simulation) which is based on several assumptions such as calculation for one day (one-day time horizon) and a confidence level of 99%. In this respect, VaR results are compared daily with the portfolio realized profit and losses.

The Bank also calculates the effect of the sensitivity of the change in interest rates for the financial instruments that change in accordance with the change in interest rates; and for the main currencies that the Bank deals with according to Basis Point Value (BPV) based on calculating the expected possible losses for the change in interest rate at one basis point (DV01).

The table below shows the effect of the financial instruments exposures risks on the statement of Profit or Loss according to the sensitivity analysis if the interest rate declines by one percent:

For the year 2020

According to the financial instruments (BPV=DV01)

Financial Instrument	DV01 value
	JD
Bonds	(72,459)
Gaps in bond's maturity	-
Finance Market	70
Interest / Currency swaps	2,054
Certificates of deposits	-

For the year 2019

According to the financial instruments (BPV=DV01)

Financial Instrument	DV01 value
	JD
Bonds	(77,035)
Gaps in bond's maturity	-
Finance Market	70
Interest / Currency swaps	1,354
Certificates of deposits	-

The table below shows the effect of currency risk on the statement of Profit or Loss according to the sensitivity analysis if the currency rate declines by one percent:

For the year 2020

According to currencies

Currency	DV01 value
	JD
Euro	(438)
Sterling Pound	(139)

For the year 2019

According to currencies

Currency	DV01 value
	JD
Euro	(618)
Sterling Pound	(105)

(40/C) Liquidity Risk

Liquidity risk is the risk that the Bank will not be able to provide the necessary funding to meet its liabilities in its maturity dates due to the inability to liquidate the assets. To minimize these risks, the Bank's management diversifies its sources of funds, manages and aligns the maturities of assets and liabilities, and maintains a sufficient balance of cash and cash equivalents and securities available for trade .

Within the framework of the general strategy to achieve a return on its investments, the Bank reviews and manages liquidity at various levels, including the Treasury, Financial Audit Department, Risks Management Department, as well as the Assets and Liabilities Committee which is specialized in this regard. The cash flow review includes an analysis of the maturity profile of assets and liabilities in an integrated manner. It analyzes the sources of funds, which include customers, correspondent banks, affiliates and associates, the Bank's branches in Jordan, and the distribution and concentrations of customer deposits by sector.

The Bank follows a liquidity management strategy approved by the Board of Directors aimed at implementing a comprehensive concept for managing the liquidity risk and associated dependencies efficiently and effectively. It also takes into consideration the diversification and appropriate distribution between sources and uses of funds.

The liquidity contingency plan has been developed and approved and is an integral part of the liquidity risk management policy, which would be activated for the management of liquidity risk and in case the bank is exposed to any unexpected withdrawals of customers' deposits exceeding the accepted liquidity ratios.

The contractual maturity dates of the assets have been determined based on the remaining period from the date of the consolidated statement of financial position until the contractual maturity date regardless of the actual maturities reflected by historical events relating to maintaining deposits and the availability of liquidity.

The Bank complies with the instructions of the Central Bank of Jordan stipulating that the foreign currency ratios should not become lower than 100% and not less than 70% for the Jordan Dinar. In addition, the liquidity ratios are reserved at levels higher than the minimum imposed by the Central Bank of Jordan.

In the previous period, the Bank has conducted studies on the calculation of the size of the deposits (the Core Deposits) according to the historical behavior of the customers' deposits over the past five years, and reflected the results of this study in the reports on the management of liquidity risk.

Liquidity Risk(40/C)

Firstly: The table below summarizes the maturities of financial derivatives as of the date of the financial statements:

	Less than one month	1-3 months	3-6 months	6 months-1 year	1-3 years	More than 3 years	without maturity	Total
As of December 31, 2020	Thousand of JD'S	Thousand of JD'S	Thousand of JD'S	Thousand of JD'S	Thousand of JD'S	Thousand of JD'S	Thousand of JD'S	Thousand of JD'S
Liabilities								
Deposits at banks and financial institutions	94,911	62,511	-	-	-	-	-	157,422
Deposits from customers	334,134	168,873	98,762	86,851	-	-	-	688,620
Cash credit	38,541	481	640	2,110	998	9,262	-	52,031
Borrowings	36,394	671	911	37,349	20,215	794	-	96,334
Other provisions	-	-	-	-	-	3,545	-	3,545
Income tax provision	5,993	158	306	-	-	-	-	6,456
Deferred tax liability	-	-	-	3,076	-	-	-	3,076
Leases contracts liabilities (Rents)	255	185	31	475	1,043	2,052	-	4,042
Other liabilities	15,070	1,652	1,206	2,470	11	1,225	-	21,634
Total	525,299	234,531	101,855	132,332	22,267	16,878	-	1,033,162
Total assets (as its expected maturity)	226,893	104,599	85,473	94,264	242,931	397,883	31,557	1,183,600
As of December 31, 2019								
Liabilities								
Deposits at banks and financial institutions	105,001	65,598	-	-	-	-	-	170,599
Deposits from customers	301,094	133,522	105,419	134,584	-	-	-	674,619
Cash credit	21,495	1,782	1,975	3,158	6,076	16,640	-	51,126
Borrowings	6,800	138	65	15,851	38,662	813	-	62,329
Other provisions	-	-	-	-	-	3,440	-	3,440
Income tax provision	2,236	-	242	-	-	-	-	2,478
Deferred tax liability	-	-	-	1,978	-	-	-	1,978
Leases contracts liabilities (Rents)	-	306	96	235	1,137	2,463	-	4,237
Other liabilities	17,133	2,346	2,525	3,898	114	1,363	-	27,379
Total	453,759	203,692	110,322	159,704	45,989	24,719	-	998,185
Total assets (as its expected maturity)	183,480	115,297	86,707	151,276	207,313	370,827	24,159	1,139,059

Gap of re-pricing interest rate:

The classification is based on interest or accrual intervals, whichever is closer:

The sensitivity of interest rate is as follows:

As at December 31, 2020	Less than One Month	1-3 Months	3-6 Months	6 Months -1 Year	1-3 Years	More than 3 Years	Without Maturity	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Assets								
Cash and balances at the Central Bank of Jordan	-	-	-	-	-	-	52,217,487	52,217,487
Balances at banks and financial institutions	55,402,772	29,625,011	-	-	-	-	4,951,278	89,979,061
Deposits at banks and financial institutions	-	-	7,343,135	-	-	-	-	7,343,135
Financial assets at fair value from other comprehensive income	20,028,679	-	7,018,586	10,139,176	28,435,200	66,710,715	3,238,111	135,570,467
Direct credit facilities - Net	336,527,531	171,770,329	133,035,439	2,048,950	64,298	234,405	6,260,980	649,941,932
Financial assets at amortized cost	-	7,000,000	4,123,932	2,997,869	43,724,423	68,997,524	-	126,843,748
Mortgaged financial assets	-	-	7,110,676	-	49,319,666	6,200,817	-	62,631,159
Property and equipment	-	-	-	-	-	-	30,037,561	30,037,561
Intangible assets	-	-	-	-	-	-	1,519,806	1,519,806
Deferred tax assets	-	-	-	-	-	-	9,226,618	9,226,618
Right-of-use assets	-	-	-	-	-	-	2,844,640	2,844,640
Other assets	225,833	498,672	-	-	-	-	14,720,507	15,445,012
Total Assets	412,184,815	208,894,012	158,631,768	15,185,995	121,543,587	142,143,461	125,016,988	1,183,600,626
Liabilities								
Banks' and financial institutions' deposits	94,798,082	62,362,449	-	-	-	-	-	157,160,531
Customers' deposits	244,451,918	168,097,613	97,747,010	85,085,057	-	-	88,910,349	684,291,947
Cash credit	43,135,595	-	-	-	-	-	8,185,108	51,320,703
Borrowings	36,076,739	136,875	63,562	34,199,968	15,632,248	730,377	6,644,372	93,484,141
Other provisions	-	-	-	-	-	-	3,545,381	3,545,381
Income tax provision	-	-	-	-	-	-	6,456,452	6,456,452
Deferred tax liability	-	-	-	-	-	-	3,076,163	3,076,163
Leases contracts liabilities (Rents)	-	-	-	682	326,562	2,428,081	-	2,755,325
Other Liabilities	-	-	-	-	-	-	21,633,675	21,633,675
Total Liability	418,462,334	230,596,937	97,810,572	119,285,707	15,958,810	3,158,458	138,451,500	1,023,724,318
Gap of re-pricing interest rate:	(6,277,519)	(21,702,925)	60,821,196	(104,099,712)	105,584,777	138,985,003	(13,434,512)	159,876,308
As at December 31, 2019								
Total assets	363,978,238	208,105,161	146,846,723	37,159,016	99,363,306	162,207,699	121,399,322	1,139,059,465
Total liabilities	373,303,309	197,940,427	103,734,062	145,422,492	35,156,656	3,708,269	122,901,954	982,167,169
Gap of re-pricing interest rate	(9,325,071)	10,164,734	43,112,661	(108,263,476)	64,206,650	158,499,430	(1,502,632)	156,892,296

Concentration of Foreign Currency Risk

As of December 31, 2020	US Dollar	Euro	Sterling Pound	Japanese Yen	Other	Total
Assets	JD	JD	JD	JD	JD	JD
Cash and balances at the Central Bank of Jordan	14,465,530	8,940,075	69,513	-	10,165	23,485,283
Balances at banks and financial institutions	68,838,698	13,750,016	4,570,968	539,404	1,511,513	89,210,599
Deposits at banks and financial institutions	3,545,000	-	2,898,135	-	-	6,443,135
Direct credit facilities	81,363,026	-	-	-	-	81,363,026
Financial assets at fair value through other comprehensive income	14,400,460	54,063	-	-	-	14,454,523
Other assets	1,478,862	1,862	9,595	-	962,967	2,453,286
Total assets	184,091,576	22,746,016	7,548,211	539,404	2,484,645	217,409,852
Liabilities						
Banks' and financial institutions' deposits	72,746,558	28,328	-	-	378,060	73,152,946
Customers' deposits	129,478,391	27,462,870	5,324,307	535,163	137,192	162,937,923
cash margins	2,297,405	1,471,806	1	-	-	3,769,212
Borrowings	3,190,500	-	-	-	-	3,190,500
Other liabilities	5,357,497	2,516,238	2,242,942	-	1,111,128	11,227,805
Total Liabilities	213,070,351	31,479,242	7,567,250	535,163	1,626,380	254,278,386
Net Concentration of Consolidated Financial Position Items	(28,978,775)	(8,733,226)	(19,039)	4,241	858,265	(36,868,534)
Off-consolidated Financial Position Contingent Liabilities	90,780,082	17,083,320	-	-	2,210,928	110,074,330
As of December 31, 2019						
Total Assets	182,375,702	23,882,635	7,156,530	1,805	2,125,147	215,541,819
Total Liabilities	229,416,912	30,781,776	7,026,521	1,206	2,158,182	269,384,597
Net Concentration of Consolidated Financial Position Items	(47,041,210)	(6,899,141)	130,009	599	(33,035)	(53,842,778)
Off-consolidated Financial Position Contingent Liabilities	97,372,520	13,427,245	48,174	-	3,294,322	114,142,261

Secondly: The table below shows the maturities of the financial derivatives on the basis of the remaining period of the contractual maturity from the date of the financial statements:

(A) Financial derivatives/ liabilities settled at their net value (offsetting basis) which include:

1- Interest rate derivatives: Interest rate swaps, deferred interest rates agreements, interest rate options in informal markets , other interest rates contracts, futures contracts for interest rates traded in formal market, contractual options for interest rates traded in formal markets.

	1-3 months	3-6 months	6 months -1 year	1-3 years	More than 3 years	Total
	JD	JD	JD	JD	JD	JD
2020						
Hedging Derivatives:						
Interest rate swaps	-	-	-	(120,201)	(202,545)	(322,746)
Total	-	-	-	(120,201)	(202,545)	(322,746)
2019						
Hedging Derivatives:						
Interest rate swaps	(27,013)	-	-	(101,103)	(18,505)	(146,621)
Total	(27,013)	-	-	(101,103)	(18,505)	(146,621)

(B) Financial Derivatives/ Liabilities that are settled at gross which include:

1- Foreign currency derivatives: futures contracts, currency exchange contracts.

	1-3 months	3-6 months	6 months -1 year	1-3 years	More than 3 years	Total
	JD	JD	JD	JD	JD	JD
2020						
Description						
Trading derivatives:						
Currency exchange contracts						
Outflows	86,974,948	-	-	-	-	86,974,948
Inflows	87,011,934	-	-	-	-	87,011,934
Total Outflows	86,974,948	-	-	-	-	86,974,948
Total Inflows	87,011,934	-	-	-	-	87,011,934
2019						
Description						
Trading derivatives:						
Currency exchange contracts						
Outflows	76,623,298	74,497,589	63,826,500	-	-	214,947,387
Inflows	76,634,507	74,609,284	63,926,950	-	-	215,170,741
Total Outflows	76,623,298	74,497,589	63,826,500	-	-	214,947,387
Total Inflows	76,634,507	74,609,284	63,926,950	-	-	215,170,741

Thirdly : Off-consolidated financial position items:

	Up to 1 Year	1 - 5 Years	Over 5 Years	Total
	JD	JD	JD	JD
December 31, 2020				
Letters of credit and acceptances	17,284,167	-	-	17,284,167
Un-utilized limits	42,190,255	-	-	42,190,255
Letters of guarantee	93,231,697	6,441,081	-	99,672,778
Total	152,706,119	6,441,081	-	159,147,200
December 31, 2019				
Letters of credit and acceptances	14,343,551	523,684	-	14,867,235
Un-utilized limits	49,164,038	-	-	49,164,038
Letters of guarantee	110,198,747	5,143,702	-	115,342,449
Total	173,706,336	5,667,386	-	179,373,722

(40/D) Operational risk

Operational risk is defined as the risk of loss that might impact revenues or capital resulting from inadequate or failed internal procedures, information systems, human element, or due to external events that have tangible impact on the Bank's operations. Operational risk also includes legal risk, excluding reputation and strategic risk.

For reputation and other risks such as strategic and quantitative risks that directly relate to liquidity risks, the Bank calculates capital to face those risks through evaluating it according to the adopted Scorecard form.

The Operational Risks Department carries out continuous work and closely coordinates with all heads in charge within the general management department to ensure the continuation of implementing the concept of the Operational Risk Management Framework effectively through the implementation of the principle of the three lines of defense model, which define the tasks and responsibilities of all departments of the bank, especially with regard to the application , a follow-up and monitoring the execution of the daily tasks in the remit of the first line of defense.

The Operational Risk Department continues to gather the operational losses data in addition to the operational risks indicators through the GRC-Tool, it monitors and update and ensure from the formulation of any correction plan around it, wherever necessary. The system objective is to allow the utilization by all concerned departments whether business departments, risks compliance, in addition to internal audit, thus enabling Executive Management to be aware of financial and non-financial risks on spot.

The methodology for control-self assessment of operational risks and the controls set against it through conducting a review at departmental level, in addition to the implementation of the standards from the parent Company in Bahrain in which it determine the required instructions to be applied according to the best international practices in this regard, through conducting an analysis for the gaps between what is applied and what is required to be applied in order to conduct the implementations plan, and the necessary solutions around it until reaching the specified goal for this evaluation and ensure from the availability of the monitoring and controls methods which govern the transactions execution at the Bank.

(40/E) Information Technology Risk

It is the risk that the Bank may face as a result of acquiring and using information technology resources to execute the Bank's operations that which may lead to financial losses, legal proceedings, or an adverse impact on the Bank's reputation or the services provided to the clients and related parties.

In order to enable the Bank's Risk Department to implement all the requirements stipulated in the Central Bank of Jordan's instructions relating to "governorship and management of information and associated technology", Central Bank of Jordan's instructions relating to "adapt to cyber risks", and policies and procedures stipulated by the Bank; and in order to complete the related work performed during 2019, the following points have been completed in 2020 :

1. Renewing and re-adopting the following policies and procedures:
   - IT Risk Policy.
   - Information and systems classification and protection policy.
   - IT Risk Assessment Mechanism.

2. Updating IT risk department work procedures by adding more details to the role of the IT risk department relating to monitor, analyse, and asses the risks which are managed by IT department, information security department, and business continuity department.

3. Updating the "Risk appetite statement and framework" document related to the acceptable risk limits and specifying the acceptable level for operational risks and cyber risks and obtaining the Board of Directors' approval thereon.

4. Preparing the reports as required in Central Bank of Jordan's instructions relating to "governorship and management of information and associated technology" and share them with the concerned parties by presenting them to the operational resilience Committee.

5. In order to develop the skills of IT risk management staff, those involved participated in many local conferences, training courses, and workshops related to IT governance and information security.

41. Segment Information

A. Information on Group business segment:

For management purposes, the Bank is organized into three major operating segments measured in accordance with the reports sent to the chief executive decision maker:

- Retail banking.
- Corporate banking.
- Treasury.

These segments are the basis on which the Bank reports its primary segment information:

	Retail	Corporate	Treasury	Other	Total Year-end December 31, 2010	Total Year-end December 31, 2019
	JD	JD	JD	JD	JD	JD
Total income	30,856,151	18,158,789	20,855,035	70,940	69,940,915	79,825,712
Provision for expected credit loss on financial assets	(1,738,751)	(11,042,633)	(334,266)	-	(13,115,650)	(12,389,882)
Segmental results	20,360,031	(2,294,067)	9,744,050	(82,690)	27,727,324	26,418,604
Unallocated segmental expenses					(23,519,834)	(22,962,986)
Profit before tax					4,207,490	3,455,618
Income tax					(2,985,277)	(1,520,344)
Net profit for the year					1,222,213	1,935,274
Capital expense					9,112,658	7,105,531
Depreciation and amortization					2,356,293	2,465,579
Other information						
Segmental assets	363,795,667	272,972,435	504,066,154	-	1,140,834,256	1,105,358,308
Unallocated segmental assets	-	-	-	42,766,370	42,766,370	33,701,157
Total Assets	363,795,667	272,972,435	504,066,154	42,766,370	1,183,600,626	1,139,059,465
Segmental liabilities	595,870,264	174,786,828	236,326,878	-	1,006,983,970	969,968,560
Unallocated segmental liabilities	-	-	-	16,740,348	16,740,348	12,198,609
Total Liabilities	595,870,264	174,786,828	236,326,878	16,740,348	1,023,724,318	982,167,169

b. Geographical distribution information

This disclosure represents the geographical distribution of the Group's business. The Group's operations are mainly concentrated within the local business.

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

	Inside Jordan		Outside Jordan		Total	
	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD
Gross income	67,266,803	76,900,915	2,674,112	2,924,797	69,940,915	79,825,712
Capital expenditures	9,053,922	6,479,595	58,736	625,936	9,112,658	7,105,531

	Inside Jordan		Outside Jordan		Total	
	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD
Total assets	1,113,660,924	1,064,555,634	69,939,702	74,503,831	1,183,600,626	1,139,059,465

42. Capital Management

a. The capital adequacy ratio as of December 31, 2020 and 2019 was calculated according to Basel III requirements where the Bank's regulatory capital consists of the primary capital of common stock (CET1) and the additional capital, and TIER 2.

b. The regulatory authorities requirements regarding the capital of ordinary shares
The Central Bank of Jordan's instructions require that the minimum regulatory capital to be (12%) of the off-balance sheet assets weighted by risks, in addition to market risks and operational risks. This percentage is considered the minimum for capital adequacy, as the Bank is committed, in all cases, to maintaining an adequacy percentage above the minimum by an appropriate margin and in line with the requirements of BASEL III, as well.

c. Methods for achieving the capital management objectives
Capital management involves optimally employing sources of funds to achieve the highest return on capital possible within the acceptable risk limits approved by the Board of Directors, while maintaining the minimum limit required according to the laws and regulations in force. Moreover, the Bank follows a policy of striving to minimize costs of fund as much as possible through resorting to low-cost sources of funds, increasing the clients' base, and optimally employing such sources in investments with reasonable risks to achieve the highest possible return on capital.

d. Capital Adequacy

In addition to subscribed capital, capital includes the statuary reserve, voluntary reserve, share premium, retained earnings, cumulative change in fair value , general banking risk reserve, other reserves and treasury stocks.

The Bank is committed to applying the requirements set forth by regulators concerning capital adequacy as follows:

1- The Central Bank of Jordan's instructions requiring that capital adequacy ratio may not go below 12%.
2- Compliance with the minimum limit set for the paid capital for Jordanian banks such that it is not less than JD 100 million.
3- The Bank's investments in stocks and shares which should not exceed 50% of the subscribed capital.
4- The ratio of credit limits (credit concentration) to regulatory capital.
5- The banks and companies laws related to the deduction of the legal reserve at a rate of 10% of the Bank's profit before tax.

	December 31,	
	2020	2019
	JD	JD
Common Equity Shareholders' Rights		
Paid-up capital	110,000	110,000
Retained earnings less proposed dividends	16,524	15,723
Cumulative change in fair value of financial assets	4,705	2,943
Share premium	67	67
Statuary reserve	28,380	27,959
Voluntary reserve	197	197
Total Capital of Common Stock	159,873	156,889
Regulatory amendment (deduction from capital)		
Goodwill and intangible assets	(1,520)	(1,700)
Mutual investment in the capital of banking, financial and insurance (within CET 1)	-	-
Deferred tax assets	(9,227)	(7,078)
Total Primary Capital	149,126	148,111
Additional capital		
Total Capital (Tier 1)	149,126	148,111
Tier 2 Capital		
Stage 1 (IFRS9)	5,002	3,858
Regulatory amendment (deduction from capital) / Investments in subsidiary		
Total Supporting Capital	5,002	3,858
Total Regulatory Capital	154,128	151,969
Total Risk-Weighted Assets	765,466	756,703
Capital Adequacy Ratio (%)	20.14%	20.08%
Primary Capital adequacy Ratio (%)	19.48%	19.57%

Capital adequacy was calculated as of December 31, 2020 and December 31, 2019 based on the resolutions of Basel Committee III.

43. Maturity Analysis of Assets and Liabilities

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

	Within in 1 Year	More than 1 Year	Total
December 31, 2020	JD	JD	JD
Assets			
Cash and balances at central banks	52,217,487	-	52,217,487
Balances at banks and financial institutions	89,979,061	-	89,979,061
Deposits at banks and financial institutions	7,343,135	-	7,343,135
Financial assets at fair value through other comprehensive income	40,424,553	95,145,914	135,570,467
Direct credit facilities	285,083,847	364,858,085	649,941,932
Financial assets at amortized cost	14,121,801	112,721,947	126,843,748
Financial assets at mortgage cost	7,110,676	55,520,483	62,631,159
Property and equipment	1,267,000	28,770,561	30,037,561
Intangible assets	442,000	1,077,806	1,519,806
Deferred tax assets	9,226,618	-	9,226,618
Right-of-use assets	646,850	2,197,790	2,844,640
Other assets	5,718,784	9,726,228	15,445,012
Total Assets	513,581,812	670,018,814	1,183,600,626
Liabilities:			
Banks' and financial institutions' deposits	157,160,531	-	157,160,531
Customers' deposits	684,291,947	-	684,291,947
Margin accounts	41,662,423	9,658,280	51,320,703
Borrowed funds	73,867,743	19,616,398	93,484,141
Sundry provisions	-	3,545,381	3,545,381
Income tax provision	6,456,452	-	6,456,452
Deferred tax liabilities	3,076,163	-	3,076,163
Leases contracts liabilities	164,543	2,590,782	2,755,325
Other liabilities	20,233,272	1,400,403	21,633,675
Total Liabilities	986,913,074	36,811,244	1,023,724,318
Net	(473,331,262)	633,207,570	159,876,308

December 31, 2019	Within in 1 Year	More than 1 Year	Total
	JD	JD	JD
Assets			
Cash and balances at central banks	68,048,129	-	68,048,129
Balances at banks and financial institutions	59,257,664	-	59,257,664
Deposits at banks and financial institutions	2,603,874	-	2,603,874
Financial assets at fair value through other comprehensive income	26,410,851	122,411,362	148,822,213
Direct credit facilities	313,987,723	307,015,731	621,003,454
Financial assets at amortized cost	36,999,915	100,461,546	137,461,461
Financial assets at mortgage cost	-	35,012,800	35,012,800
Property and equipment	1,317,000	21,142,789	22,459,789
Intangible assets	444,000	1,255,611	1,699,611
Deferred tax assets	7,078,498	-	7,078,498
Right-of-use assets	715,763	2,641,406	3,357,169
Other assets	22,373,656	9,881,147	32,254,803
Total Assets	539,237,073	599,822,392	1,139,059,465
Liabilities:			
Banks' and financial institutions' deposits	170,016,352	-	170,016,352
Customers' deposits	666,361,035	-	666,361,035
Margin accounts	28,271,106	21,152,971	49,424,077
Borrowed funds	22,218,050	35,648,264	57,866,314
Sundry provisions	-	3,440,448	3,440,448
Income tax provision	2,478,661	-	2,478,661
Deferred tax liabilities	1,977,939	-	1,977,939
Leases contracts liabilities	202,929	3,020,730	3,223,659
Other liabilities	25,698,284	1,680,400	27,378,684
Total Liabilities	917,224,356	64,942,813	982,167,169
Net	(377,987,283)	534,879,579	156,892,296

44. Contingent Liabilities and Commitments

The details of this item are as follows:

a. Credit Liabilities and Commitments:

	December 31	
	2020	2019
	JOD	JOD
Letter of Credits:		
Inward	24,908,517	38,486,835
Outward	13,806,852	5,806,818
Acceptances	3,085,746	6,321,394
Letter of Guarantees:		
Payment	22,140,259	33,115,284
Performance	51,652,717	60,144,356
Other	26,011,435	22,287,224
Unutilized credit facilities	42,902,284	50,126,063
Futures contracts in Foreign Currency	87,011,934	215,170,740
Interest swap contracts	7,090,000	10,635,000
Total	278,609,744	442,093,714

b. Contractual obligations

	December 31	
	2020	2019
	JOD	JOD
Contracts of purchase of property and equipment	1,198,975	-
Construction project contracts	4,924,170	8,189,855
Total	6,123,145	8,819,855

45. Lawsuits raised against the Bank

Lawsuits against the Bank amounted to JD 4,394,174 as of December 31, 2020 (JD 750,389 as at December 31, 2019) and in the opinion of the bank's management and legal counsel the bank would not incur obligations in excess of the recorded provision which amounted to JD 688,413 as at December 31, 2020 (JD 638,413 as at December 31, 2019).

46. Fair Value Measurement

A. Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis:

Some financial assets and liabilities of the Bank are evaluated at fair value at the end of each fiscal period. The following table shows the information about how to determine the fair value of these financial assets and liabilities (evaluation methods and inputs used).

	Fair Value					
Financial Assets	December 31, 2020	December 31, 2019	The Level of Fair Value	Evaluation Method and Inputs used	Significant Unobservable Inputs	Relationship of Unobservable Inputs to Fair Value
	JD	JD				
Financial Assets at Fair Value						
Financial Assets at Fair Value through Other Comprehensive Income:						
Bonds	124,959,607	135,528,341	Level 2	According to last financial information available	N/A	N/A
Quoted shares in active markets	8,242,593	11,270,184	Level 1	Quoted prices in financial markets	N/A	N/A
Unquoted shares in active markets	2,368,267	2,023,688	Level 2	According to last financial information available	N/A	N/A
Total	135,570,467	148,822,213				
Total Financial Assets at Fair Value	135,570,467	148,822,213				
Unrealized gains on financial assets	85,468	213,032	Level 2	According to last financial information available	N/A	N/A
Financial liabilities						
Unrealized losses on financial derivatives	372,812	187,228	Level 2	According to last financial information available	N/A	N/A
Total liabilities at fair value	372,812	187,228				

There were no transfers between level 1 and level 2 during the year ended December 31, 2020.

B -The fair value of the Bank's financial assets and financial liabilities not specified at fair value on an ongoing basis:

These financial instruments include cash balances and deposits at banks and central banks, direct credit facilities, other financial assets, customers' deposits, bank deposits, and other financial liabilities.

The fair value of financial instruments is not materially different from their book value.

47. Event of the Spread of COVID-19

The outbreak of the new Corona virus (Covid-19) occurred at the beginning of the year 2020 and its spread in several geographical regions around the world, it caused disturbances to economic and business activities, and this event witnessed a continuous and a rapid developments, which required the group's management to conduct an assessment of the expected impacts on the group's business Inside and outside the Kingdom, and a study to review and evaluate the potential risks.

During the year 2020, the bank made improvements to the expected credit loss calculation models in addition to including the calculation models with the necessary assumptions to calculate the potential risks resulting from the outbreak of the new Corona virus (Covid-19) and to reflect the Bank's management estimates in assessing the impact on the sectors. Based on the study of each sector or customer separately, on these models, noting the main amendments are illustrated within note 47.

Based on the Central Bank of Jordan's circulars to banks operating in Jordan No. 10/3/4375 issued on March 15, 2020, and during the year 2020 the bank postponed the installments due or that would be due on some customers without considering this as a structuring, and without affecting also the credit rating of customers The postponed installments amounted to around JD 60 million during the year 2020.