

**BANK OF JORDAN  
(PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN - JORDAN**

**CONSOLIDATED CONDENSED  
INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH  
PERIOD ENDED MARCH 31, 2021  
TOGETHER WITH THE  
INDEPENDENT AUDITOR'S REVIEW REPORT**

**BANK OF JORDAN  
(PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN – JORDAN**

**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021  
(REVIEWED NOT AUDITED)**

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## Review Report

To the Chairman and the Members of the Board of Directors of  
Bank of Jordan  
Public Shareholding Company  
Amman – The Hashemite Kingdom of Jordan

### Report on the Review of Consolidated Condensed Interim Financial Statements

#### Introduction

We have reviewed the accompanying consolidated condensed interim statement of financial position of **Bank of Jordan – Public Shareholding Company** as of March 31, 2021 and the related consolidated condensed interim statements of profit or loss and other comprehensive income, changes in owners' equity and cash flows for the three-month period then ended, and notes to the consolidated condensed interim financial statements ('the condensed consolidated interim financial statements'). Management is responsible for the preparation and presentation of these consolidated condensed interim financial statements in accordance with IAS (34) "Interim Financial Reporting" as adopted by Central Bank of Jordan. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

#### Scope of Review

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

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial statements for **Bank of Jordan - Public Shareholding Company** as at and for the three months period ended March 31, 2021 are not prepared, in all material respects, in accordance with IAS (34) "Interim Financial Reporting" as adopted by Central Bank of Jordan.

**Kawasmy and Partners**  
**KPMG**

Hatem Kawasmy  
License no. (656)

Amman - Jordan  
April 29, 2021



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**BANK OF JORDAN  
(PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN – JORDAN**

**STATEMENT A**

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**

<i>In Jordanian Dinar</i>		MARCH 31, 2021 "REVIEWED NOT AUDITED"	DECEMBER 31, 2020 "AUDITED"
	NOTE		
<b>Assets</b>			
Cash and balances with central banks	5	380,232,085	349,537,989
Balances with banks and financial institutions	6	151,604,971	190,722,330
Deposits with banks and financial institutions	7	89,528,724	89,525,567
Financial assets at fair value through profit or loss		15,196,525	15,157,042
Financial assets at fair value through comprehensive income		58,942,244	84,526,410
Direct credit facilities at amortized cost	8	1,468,473,084	1,466,739,098
Financial assets at amortized cost		345,048,923	348,454,969
Property and equipment – Net	9	54,078,287	53,993,594
Intangible assets		6,768,192	6,872,445
Deferred tax assets		24,809,482	21,808,399
Other assets	10	91,059,689	85,076,144
<b>Total Assets</b>		<b>2,685,742,206</b>	<b>2,712,413,987</b>
<b>Liabilities and Owners' Equity</b>			
<b>Liabilities:</b>			
Banks and financial institutions' deposits		72,135,872	70,762,354
Customers' deposits		1,889,686,589	1,909,187,576
Cash margins		114,549,926	119,819,309
Other provisions		5,546,053	5,302,150
Income tax provision	11	20,142,244	19,881,866
Deferred tax liabilities		48,218	48,946
Borrowed funds	12	76,865,843	84,582,326
Other liabilities	13	38,160,504	40,422,412
<b>Total Liabilities</b>		<b>2,217,135,249</b>	<b>2,250,006,939</b>
<b>Owners' Equity:</b>			
<b>Equity Attributable to the Bank's shareholders</b>			
Paid-up capital		200,000,000	200,000,000
Statutory reserve		99,190,875	99,190,875
Voluntary reserve		46,537	46,537
General banking risks reserve		2,804,326	2,804,326
Special reserve		5,849,743	5,849,743
Foreign currency translation differences		(12,855,521)	(12,855,521)
Fair value reserve		(6,962,588)	(6,092,218)
Retained earnings		165,814,735	165,814,735
Profit for the period after tax		6,956,601	-
<b>Total Equity Attributable to the Bank's Shareholders</b>		<b>460,844,708</b>	<b>454,758,477</b>
Non-controlling interests		7,762,249	7,648,571
<b>Total Owners' Equity</b>		<b>468,606,957</b>	<b>462,407,048</b>
<b>Total Liabilities and Owners' Equity</b>		<b>2,685,742,206</b>	<b>2,712,413,987</b>

Board of Director's Chairman

Chief Executive Officer

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

**BANK OF JORDAN  
(PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN - JORDAN**

**STATEMENT B**

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS  
(REVIEWED NOT AUDITED)**

<i>In Jordanian Dinar</i>	Note	For the Three-Month Period Ended March 31,	
		2021	2020
Interest income		32,156,291	37,201,166
Less: Interest expense		5,284,191	9,573,009
<b>Net Interest Income</b>		<b>26,782,100</b>	<b>27,628,157</b>
Commissions income – Net		5,025,134	5,624,723
<b>Net Interest and Commissions Income</b>		<b>31,897,234</b>	<b>33,252,880</b>
Foreign currencies income		680,853	718,898
Gain from financial assets at fair value through profit or loss		39,483	55,012
Gain from sale of financial assets at fair value through comprehensive income - debt instruments		975,577	-
Other income		1,156,672	836,486
<b>Total income for the period</b>		<b>34,749,819</b>	<b>34,863,276</b>
Employees expenses		7,469,419	7,750,257
Depreciation and amortization		2,419,451	2,197,448
Other expenses		6,703,409	6,688,185
Financial assets expected credit loss provision	14	8,970,279	6,309,008
(Recovered from) provision for a asset foreclosed by the Bank		(16,897)	(790)
Other provisions		78,631	264,629
<b>Total expenses</b>		<b>25,624,292</b>	<b>23,208,737</b>
Profit for the period before Income Tax		9,125,527	11,654,539
Less: Income tax	11	2,055,248	4,643,767
<b>Profit for the period – Statement (C) and (D)</b>		<b>7,070,279</b>	<b>7,010,772</b>
<b>Attributable to:</b>			
Bank's Shareholders		6,956,601	7,174,273
Non–controlling Interest		113,678	(163,501)
		<b>7,070,279</b>	<b>7,010,772</b>
Earnings per share for the period attributable to the (Banks' shareholders) / Basic and diluted	15	0.035	0.036

Board of Director's Chairman

Chief Executive Officer

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE  
CONSOLIDATED CONDENSED INTERIM FINACIAL STATEMENTS AND SHOULD BE READ  
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**BANK OF JORDAN  
(PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN – JORDAN**

**STATEMENT C**

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
(REVIEWED NOT AUDITED)**

<i>In Jordanian Dinar</i>	<b>For the Three-Month Period Ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Profit for the Period- Statement (B)</b>	7,070,279	7,010,772
<b>Other Comprehensive Income items:</b>		
<b>Other comprehensive income items that may be reclassified subsequently to the consolidated condensed interim statement of profit or loss:</b>		
Change in fair value of debt instruments classified as financial assets at fair value through comprehensive income	-	(3,827,729)
Realized gain from sale of financial instruments classified as financial assets at fair value through comprehensive income	(618,992)	-
Foreign currencies translation differences	-	2,436,937
	<b>(618,992)</b>	<b>(1,390,792)</b>
<b>Items that will not be reclassified subsequently to consolidated condensed interim statement of profit or loss:</b>		
Change in fair value of equity instruments classified as financial assets through comprehensive income	(251,378)	1,648,020
	<b>(251,387)</b>	<b>1,648,020</b>
<b>Total Comprehensive Income for the period –Statement (D)</b>	<b>6,199,909</b>	<b>7,268,000</b>
<b>Total Comprehensive Income Attributable to:</b>		
The Bank's Shareholders	6,086,231	6,190,122
Non-controlling Interest	113,678	1,077,878
	<b>6,199,909</b>	<b>7,268,000</b>

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

**BANK OF JORDAN  
(PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN – JORDAN**

**STATEMENT D**

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN OWNERS' EQUITY  
(REVIEWED NOT AUDITED)**

	Reserves							Total Banks' Shareholders Equity	Non-Controllers' Interest	Total Owner's Equity		
	Authorized and Paid-up Capital	Statutory	Voluntary	General Banking Risks	Special	Foreign Currencies Translation Differences	Fair Value Reserve				Retained Earnings	Profit for the Period
<i>In Jordanian Dinar</i>												
<b>For the Period Ended March 31, 2021</b>												
Balance - Beginning of the Period	200,000,000	99,190,875	46,537	2,804,326	5,849,743	(12,855,521)	(6,092,218)	165,814,735	-	454,758,477	7,648,571	462,407,048
Profit for the Period-Statement (B)	-	-	-	-	-	-	-	-	6,956,601	6,956,601	113,378	7,070,279
Realized gain form sale of Debt instruments classified as financial assets at fair value through comprehensive income	-	-	-	-	-	-	(618,992)	-	-	(618,992)	-	(618,992)
Change in fair value of equity instruments classified as financial assets through comprehensive income – net after tax	-	-	-	-	-	-	(251,378)	-	-	(251,378)	-	(251,378)
<b>Total Comprehensive Income- Statement (c)</b>	-	-	-	-	-	-	(870,370)	-	6,956,601	6,086,231	113,678	6,199,909
<b>Balance - End of the Period</b>	<b>200,000,000</b>	<b>99,190,875</b>	<b>46,537</b>	<b>2,804,326</b>	<b>5,849,743</b>	<b>(12,855,521)</b>	<b>(6,962,588)</b>	<b>165,814,735</b>	<b>6,956,601</b>	<b>460,844,708</b>	<b>7,762,249</b>	<b>468,606,957</b>
<b>For the Period Ended March 31, 2020</b>												
Balance - Beginning of the Period	200,000,000	94,065,645	134,165	2,196,491	5,849,743	(12,268,120)	24,954,157	99,400,640	-	414,332,721	5,774,304	420,107,025
Foreign currencies translation differences	-	(51,075)	(51,075)	(9,809)	-	(338,498)	-	1,646,015	-	1,195,558	1,241,379	2,436,937
Profit for the Period-Statement (B)	-	-	-	-	-	-	-	-	7,174,273	7,174,273	(163,501)	7,010,772
Realized gain form sale of equity instruments classified as financial assets at fair value through comprehensive income – net after tax	-	-	-	-	-	-	(1,044)	1,044	-	-	-	-
Change in fair value of debt instruments classified as financial assets at fair value through comprehensive income	-	-	-	-	-	-	(3,827,729)	-	-	(3,827,729)	-	(3,827,729)
Change in fair value of equity instruments classified as financial assets through comprehensive income – net after tax	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Comprehensive Income- Statement (c)</b>	-	<b>(51,075)</b>	<b>(51,075)</b>	<b>(9,809)</b>	-	<b>(338,498)</b>	<b>1,648,020</b>	<b>1,647,059</b>	<b>7,174,273</b>	<b>6,190,122</b>	<b>1,077,878</b>	<b>1,648,020</b>
<b>Balance - End of the Period</b>	<b>200,000,000</b>	<b>94,014,570</b>	<b>83,090</b>	<b>2,186,682</b>	<b>5,849,743</b>	<b>(12,606,618)</b>	<b>22,773,404</b>	<b>101,047,699</b>	<b>7,174,273</b>	<b>420,522,843</b>	<b>6,852,182</b>	<b>427,375,025</b>

**According to the instructions of the regulatory bodies:**

- The general banking risks reserve and the special reserve cannot be utilized without prior approval from Palestine Monetary Authority.
- Retained earnings include a restricted amount of JD 24,809,482 against deferred tax benefits as of March 31, 2021 (JD 21,808,399 as of December 31, 2020) that according to Central Bank of Jordan instructions, this restricted amount cannot be utilized through capitalization or distribution unless actually realized.
- Retained earnings include an amount of JD 439,810 as of March 31, 2021 that represents the effect of early adoption of IFRS (9). These restricted amounts cannot be utilized unless realized through actual sale.
- The fair value reserve cannot be utilized including the capitalization, distribution, write-off losses or any other commercial acts unless realized through actual sale as instructed by Central Bank of Jordan and Jordan Security Commission, the balance of retained earnings include an amount of JD 813,437 as of March 31, 2021 cannot be utilized through dividends distribution to the shareholders or use for any other purposes, without prior approval of central bank of Jordan resulting from application of central bank of Jordan circular No. 10/1/1359 on January 25, 2018. and Central Bank of Jordan circular No. 13/2018 dated June 6, 2018.

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

**BANK OF JORDAN  
(PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN – JORDAN**

**STATEMENT E**

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASHFLOWS  
(REVIEWED NOT AUDITED)**

	Note	For the Three-Month Period Ended March 31,	
		2021	2020
<b>Cash Flows From Operating Activities:</b>			
Profit for the period before tax		9,125,527	11,654,539
<b>Adjustments for non-cash items:</b>			
Depreciation and amortization		2,419,451	2,197,448
Financial assets expected credit loss provision	14	8,970,279	6,309,008
Loss from sale of property and equipment		2,557	15,192
(Gain) from financial assets at fair value through profit or loss		(39,483)	(55,012)
Other provisions		78,631	264,629
Effect of exchange rate fluctuations		(661,127)	(693,558)
(Recovered from) provision for assets foreclosed by the Bank		(16,897)	(790)
Others-Foreign currency exchange differences		-	745,949
<b>Profit before Changes in Assets and Liabilities</b>		<b>19,878,938</b>	<b>20,437,405</b>
<b>Changes in Assets and Liabilities:</b>			
Decrease in restricted balances		574,638	21,646,712
Decrease in deposits with banks and financial institutions (maturing over 3 months)		-	37,066,125
(Increase) in direct credit facilities at amortized cost		(11,947,910)	(68,148,329)
(Increase) in other assets		(6,239,660)	(19,632,004)
(Decrease) in deposits and financial institutions (maturing over 3 months)		-	(10,000,000)
(Decrease) in customers deposits		(19,317,577)	(11,636,906)
(Decrease) in cash margins		(5,269,383)	(1,624,649)
(Decrease) Increase in borrowed funds		(7,538,769)	6,883,393
(Decrease) Increase in other liabilities		(1,229,279)	3,488,016
<b>Net change in Assets and Liabilities</b>		<b>(50,967,940)</b>	<b>(41,957,642)</b>
Net Cash Flows (used in) Operating Activities before Paid Taxes and End-of-Service Indemnity Provision		(31,089,002)	(21,520,237)
End-of-service indemnity provision and lawsuits provision paid		(18,138)	(59,972)
Income tax paid	11	(4,795,953)	(5,001,224)
<b>Net Cash Flows (used in) Operating Activities</b>		<b>(35,903,093)</b>	<b>(26,581,433)</b>
<b>Cash Flows From Investing Activities</b>			
Sale of financial assets at fair value through comprehensive income		24,925,272	4,683
(Purchase) of financial assets at amortized cost		(20,775,488)	(13,024,259)
Maturity of financial assets at amortized cost		24,462,169	8,912,736
(Purchase) of financial derivatives		(976,514)	(275,022)
(Purchase) of property and equipment		(1,356,676)	(1,079,838)
Proceeds from sale of property and equipment		25,409	20,637
(Purchase) of intangible assets		(237,623)	(150,435)
<b>Net Cash Flows from (used in) Investing Activities</b>		<b>26,066,549</b>	<b>(5,591,498)</b>
<b>Cash Flows from Financing Activities</b>			
Foreign currencies translation differences		-	2,436,937
Dividends distributed to shareholders		(7,867)	(9,878)
<b>Net Cash Flows from (used in) Financing Activities</b>		<b>(7,867)</b>	<b>2,427,059</b>
Effect of exchange rate fluctuations on cash and cash equivalents		661,127	693,558
<b>Net (Decrease) in Cash and Cash Equivalents</b>		<b>(9,183,284)</b>	<b>(29,052,314)</b>
<b>Cash and cash equivalents - Beginning of the year</b>		<b>412,918,196</b>	<b>434,442,966</b>
<b>Cash and Cash Equivalents - End of the period</b>	16	<b>403,734,912</b>	<b>405,390,652</b>

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

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

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**1. General**

Bank of Jordan was established in 1960 as a public shareholding limited company with headquarters in Amman – Jordan. On March 3, 1960, it was registered under number (1983) according to the Companies Law No. 33 for the Year 1962 with an authorized capital of JD 350,000, represented by 70,000 shares at a par value of JD 5 per share. However, the Bank's authorized and paid-up capital was increased in stages last of which took place in accordance to the resolution of the general assembly in their extraordinary meeting held on April 9, 2016, thus, the Bank's capital was increased from JD 155/1 million to become JD 200 million for which all of the legal procedures related to it was completed on April 19, 2016.

The Bank provides all financial and banking services within its scope of activities. Those services are offered through its (80) branches in Jordan, (16) branches in Palestine and the bank branch in the Kingdom of Bahrain and its subsidiaries in Jordan and Syria (Excel for Financial Investments Company, Jordan Leasing Company and Bank of Jordan - Syria).

The Bank has obtained all necessary approvals from Central Bank of Jordan and the regulatory authorities in Iraq for the establishment of a branch in Iraq. The branch is still in establishment phase.

The accompanying consolidated condensed interim financial statements were approved by the Board of directors in their meeting dated April 29, 2021.

**2- Basis of Preparation of consolidated condensed interim financial information**

- The accompanying consolidated condensed interim financial statements for the Bank and its subsidiaries were prepared in accordance with the International Accounting Standard (IAS 34) "interim financial reporting", as adopted by Central Bank of Jordan.

The main differences between International Financial Reporting Standards that should be applied and what was adopted by the Central Bank of Jordan are as follows:

- Expected credit losses allowances are calculated in accordance with the Central Bank of Jordan (CBJ) instructions No. (13/2018) "International Financial Reporting Standard No. (9) Implementation" dated June 6, 2018 and in accordance with the Regulatory authorities instructions in the countries that the Bank operates whichever is more strict, the main significant differences are as follows:
  - Debt instruments issued or guaranteed by the Jordanian government are excluded, so that credit exposures issued or guaranteed by the Jordanian government are treated with no credit losses.
  - When calculating credit losses against credit exposures, the calculation results in accordance to International Financial Reporting Standards (9) are compared with the instructions of the Central Bank of Jordan No. (47/2009) dated December 10, 2009 for each stage separately and the greater results are recorded.
- In accordance with the instructions of the Central Bank of Jordan and the instructions of the supervisory authorities in the countries in which the bank operates, interest and commissions are suspended on non-performing credit facilities.
- Assets foreclosed by Bank are presented at the consolidated statement of financial position within other assets at the value that has been acquired by the Bank or the fair value, whichever is lower, and are reassessed individually on each consolidated financial statements date, and any impairment in their value is recorded as a loss in the consolidated statement of profit or loss but the increase is not recorded, to the extent that it does not exceed the value of the previously recorded impairment. Starting the year 2015, and in accordance with the Central Bank of Jordan Circular No. 10/1/4076 dated March 27, 2014 and Circular No. 10/1/2510 dated February 14, 2017, the Bank has started to calculate gradual provision against the assets foreclosed by the bank in exchange of credit facilities that have been in possession for more than 4 years. Central Bank of Jordan issued Circular No. 10/1/16239 dated November 21, 2019 approving the extension of Circular No. 10/1/2150 dated February 14, 2017, confirming to postpone the provision calculation until the end of year 2020 and amending the second clause of it. In accordance with the Central Bank of Jordan circular No.10/3/16628 dated January 27/2020, circular No 15/10/2510 was extended till December 31, 2021.

**BANK OF JORDAN**  
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**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**(REVIEWED NOT AUDITED)**

- Additional provisions are calculated in the consolidated condensed interim financial statements against some of the Bank's foreign investments in some neighbouring countries.
- The net outcome of the differences between the Central Bank of Jordan instructions and the International Financial Reporting Standards represented by having the Bank to book additional allocations to comply with these instructions.
- The consolidated condensed interim financial statements were prepared on the historical cost basis except for financial assets at fair value through profit or loss, financial assets at fair value through comprehensive income and financial derivatives measured at fair value at the date of the consolidated financial statements. Moreover, hedged financial assets and financial liabilities are stated at fair value.
- The consolidated condensed interim financial statements are presented in Jordanian Dinar "JD", being the functional currency of the Bank.
- The accompanying consolidated condensed interim financial statements do not include all the information and disclosures to the financial statements required in the annual financial statements, which are prepared in accordance with International Financial Reporting Standards. Moreover, the results of The Bank's operations for the three-month period ended on March 31, 2021 do not necessarily represent indications of the expected results for the year ending December 31, 2021. Therefore, these consolidated condensed interim financial statements should be read with the Bank's annual report for the year ended December 31, 2020 and it does not contain the appropriation of profit for the three-month period ended March 31, 2021, which is performed at the end of the fiscal year.

**Basis of Consolidation of the consolidated condensed interim financial information**

- The consolidated condensed interim financial information includes the financial statements of the Bank and the subsidiary companies controlled by the Bank. Control is achieved whereby the Bank has the power to govern the financial and operating policies of the subsidiaries to obtain benefits from their activities. All intra-group transactions, balances, income, and expenses are eliminated in full.
- The financial statements of the subsidiary companies are prepared for the same financial period of the Bank using the same accounting policies adopted by the Bank. If the accounting policies adopted by the subsidiary companies are different from those used by the Bank, the necessary adjustments to the financial statements of the subsidiary companies are made to comply with the accounting policies used by the Bank.

The Bank has the following subsidiary companies as of March 31, 2021:

<u>Name of Subsidiary</u>	<u>Paid-up Capital</u>	<u>Bank's Ownership Percentage</u>	<u>Subsidiary's Nature of Business</u>	<u>Place of Operation</u>	<u>Acquisition Date</u>
		%			
Excel for Financial Investments Company	JD 3.5 Million	100	Financial Brokerage	Amman	March 23, 2006
Bank of Jordan – Syria*	3,000 Million (Syrian – Lira)	49	Banking Activities	Syria	May 17, 2008
Jordan Leasing Company	JD 20 Million	100	Finance Lease	Amman	October 24, 2011

- The results of the subsidiary companies are incorporated into the consolidated condensed interim statement of profit or loss from the effective date of acquisition, which The Bank assumes the date on which actual control over the subsidiary in. Moreover, the operating results of the disposed subsidiary are incorporated into the consolidated condensed interim statement of profit or loss up to the effective date of disposal which is the date on which The Bank losses control over the subsidiary companies.
- \* The results of Bank of Jordan – Syria have been incorporated in the consolidated condensed interim financial statements due to The Bank's power to govern the financial and operating policies of the subsidiary.
- Non-Controller's interest represents the portion of equity not held by The Bank in the subsidiary.

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

**3. Significant accounting policies**

**A – Implemented Accounting Policies:**

The accounting policies applied by the Bank in these consolidated condensed interim financial statements for the three months ended March 31, 2021 are the same as those applied by the Bank in its Consolidated financial statements for the year ended December 31, 2020, except for the following International Financial Reporting Standards amendments and improvements that become effective after January 1, 2021 :

<b>New standard or amendments</b>	<b>Application date</b>
Interest Rate Benchmark Reform-Phase 2 (Amendments to IFRS9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January 2021

The adoption of the above standards has not affected the amounts or disclosures in the interim condensed consolidated financial statements.

**B – New Standards and Interpretations not Yet Adopted**

A number of new standards, amendments to standards and interpretations that were issued but not yet effective, and were not applied when preparing these consolidated condensed interim financial statements:

<b>New standard or amendments</b>	<b>Application Date</b>
Loss-making contracts (a contract in which the total cost required to fulfill the contract is higher than the economic benefit that can be obtained from it) - the cost of implementing the contract (amendments to IAS 37)	January 1, 2022
Annual amendments to IFRS 2018-2020	January 1, 2022
Property and equipment: obtained prior to the required or intended use of property and equipment (amendments to IAS 16)	January 1, 2022
The reference to the conceptual framework (amendments to IFRS 3)	January 1, 2022
Classification of liabilities into current or non-current liabilities (Amendments to IAS 1)	January 1, 2023
IFRS 17 “Insurance Contracts” and Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Sale or grant of assets between an investor and an affiliate company or a joint venture (amendments to IFRS 10 and IAS 28)	Available for optional application / application date postponed

Management does not expect that there will be a material impact from adopting the above standards upon implementation.

**4 - Accounting Estimates**

Preparation of the consolidated condensed interim financial statements and the application of the accounting policies require the Bank's management to perform assessments and assumptions that affect the amounts of financial assets, financial liabilities, change in fair value reserve and contingent liabilities disclosures. Moreover, these assessments and assumptions affect revenues, expenses, provisions and the changes in fair value reserves in the consolidated condensed interim financial statements and within owners equity. In particular, this requires the Bank's management to issue significant judgments and assumptions to assess the future cash flows amounts and their timing. Moreover, the beforementioned assessments are necessarily based on assumptions and factors with varying degrees of consideration and uncertainty. In addition, actual results may differ from assessments due to the changes arising from the conditions and circumstances of those assessments in the future.

We believe that the estimates and judgments adopted in the preparation of the consolidated condensed interim financial statements for the three month period ended as of March 31, 2021 consistent with the estimates and judgments adopted in the preparation of the annual consolidated financial statement for the year ended December 31, 2020.

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**5. Cash and Balances with Central Banks**

<i>In Jordanian Dinar</i>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Cash at vaults	69,525,107	66,521,033
Balances at Central Banks:		
- Current accounts and demand deposits	93,811,041	78,251,193
- Term and notice deposits	125,910,906	112,910,906
- Certificates of deposit	279,690	282,000
- Statutory cash reserve	90,832,988	91,663,345
	<b>380,359,732</b>	<b>349,628,477</b>
<u>Less: Expected credit loss</u>	<u>(127,647)</u>	<u>(90,488)</u>
	<b>380,232,085</b>	<b>349,537,989</b>

- Cash balances at Central Bank of Jordan amounted to JD 310,834,625 as of March 31, 2021 (JD 283,107,444 as of December 31, 2020)
- Statutory cash reserve amounted to JD 90,832,988 as of March 31, 2021 (JD 91,663,345 As of December 31, 2020).
- Except for the statutory cash reserve, restricted balances amounted to JD 2,275,906 as of March 31, 2021 (JD 2,275,906 as of December 31, 2020).
- Time and notice deposit include JD 10,635,000 maturing within a period exceeding three months as of March 31, 2021 (JD 10,635,000 As of December 31, 2020).
- Expected credit losses allowance was not calculated against Central Bank Jordan balances as of March 31, 2021 and December 31, 2020 in accordance with the Central Bank of Jordan Instructions No.13/2018 regarding the implementation of International Financial Reporting Standard No. (9).

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**6. Balances with Banks and Financial Institutions**

This item consists of the following:

<i>In Jordanian Dinar</i>	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Current accounts and demand deposits	-	-	103,819,423	172,137,756	103,819,423	172,137,756
Deposits maturing within 3 months or less	-	15,000,000	47,791,154	3,588,480	47,791,154	18,588,480
	-	15,000,000	151,610,577	175,726,236	151,610,577	190,726,236
Less: Expected credit loss	-	(69)	(5,606)	(3,837)	(5,606)	(3,906)
	-	14,999,931	151,604,971	175,722,399	151,604,971	190,722,330

- Non-interest-bearing balances at banks and financial institutions amounted to JD 23,469,112 as of March 31, 2021 (JD 50,413,347 as of December 31, 2020).
- Restricted balances at banks and financial institutions amounted to JD 3,293,498. as of March 31, 2021 (JD 3,037,779 as of December 31, 2020).

**7. Deposits with banks and financial institutions**

This item consists of the following:

<i>In Jordanian Dinar</i>	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Deposits maturing within 3 to 6 months	-	-	564,000	564,000	564,000	564,000
Deposits maturing within 6 to 9 months	-	-	-	-	-	-
Deposits maturing within 9 months to 1 year	-	-	-	-	-	-
Deposits maturing within more than 1 year	89,000,000	89,000,000	-	-	89,000,000	89,000,000
	89,000,000	89,000,000	564,000	564,000	89,564,000	89,564,000
Less: Expected credit loss	(35,271)	(38,428)	(5)	(5)	(35,276)	(38,433)
	88,964,729	88,961,572	563,995	563,995	89,528,724	89,525,567

- There are no restricted deposits as of March 31, 2021 and December 31, 2020.

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**8. Direct Credit Facilities at Amortized Cost**

This item consists of the following:

<i>In Jordanian Dinar</i>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
<b>Individual (Retail Customers):</b>	<b>566,539,284</b>	<b>557,702,675</b>
Overdraft accounts	14,312,103	13,786,902
Loans and discounted bills*	526,367,193	518,981,439
Credit cards	25,859,988	24,934,334
<b>Real estate loans</b>	<b>264,610,928</b>	<b>259,123,143</b>
<b>Corporate:</b>	<b>649,162,249</b>	<b>621,426,028</b>
Large corporate customers	366,712,233	375,831,841
Overdraft accounts	85,152,409	65,042,272
Loans and discounted bills*	281,559,814	310,789,569
SMEs	282,450,026	245,594,187
Overdraft accounts	81,966,747	50,666,441
Loans and discounted bills*	200,483,279	194,927,746
<b>Government and public sector</b>	<b>151,730,649</b>	<b>181,364,510</b>
<b>Total</b>	<b>1,632,043,110</b>	<b>1,619,616,356</b>
<u>Less: expected credit loss provision</u>	<u>(151,800,576)</u>	<u>(141,725,555)</u>
<u>Less: Interest in suspense</u>	<u>(11,769,450)</u>	<u>(11,151,703)</u>
<b>Net Direct Credit Facilities at amortized cost</b>	<b>1,468,473,084</b>	<b>1,466,739,098</b>

- \* Net of interest and commission received in advance amounting to JD 15,483,994 as of March 31, 2021 (JD 16,427,772 as of December 31, 2020).
- Non-performing credit facilities amounted to JD 139,237,770 representing (8/5%) of the direct credit facilities balance as of March 31, 2021 (JD 137,962,291 representing (8/5%)) as of December 31, 2020).
  - Non-performing credit facilities after deducting the suspended interest amounted to JD 127,468,955 representing (7/9%) of direct credit facilities after deducting the suspended interest as of March 31, 2021 (JD 126,812,522 representing (7/9%)) as of December 31, 2020).
  - Credit facilities granted to and guaranteed by the Jordanian Government amounted to JD 12,616,945 representing (0/77%) of total direct credit facilities as of March 31, 2021 (JD 12,813,252 representing (0/79%)) as of December 31, 2020), Moreover, credit facilities granted to the public sector in Palestine amounted to JD 46,033,322 as of March 31, 2021 (JD 57,511,269 as of December 31, 2020), Facilities granted to foreign governments amounted to JD 7,090,000 as of March 31, 2021 (JD 20,158,288 as of December 31, 2020).

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Total direct credit facilities credit stages distribution during the period/year as follows:

*In Jordanian Dinar*

Item	Stage One		Stage Two		Stage Three	Total
	Level	Collective Level	Level	Collective Level		
<b>For the period ended March 31, 2021</b>						
Balance at the beginning of the period	672,800,674	725,428,348	67,873,963	15,551,080	137,962,291	1,619,616,356
New facilities During the period	40,400,228	41,109,873	2,290,448	921,568	2,124,117	86,846,234
Facilities paid	(59,532,176)	(19,124,891)	(855,225)	(1,086,690)	(4,051,957)	(84,650,939)
	<b>653,668,726</b>	<b>747,413,330</b>	<b>69,309,186</b>	<b>15,385,958</b>	<b>136,034,451</b>	<b>1,621,811,651</b>
Transfer to Stage One	24,689,351	6,064,957	(24,530,506)	(5,900,843)	(322,959)	-
Transfer to Stage Two	(55,599,729)	(23,684,876)	55,599,729	24,993,740	(1,308,864)	-
Transfer to Stage Three	(723,867)	(1,542,844)	(580,061)	(2,009,134)	4,855,906	-
The effect of changes in classification between the three stages during the period	(1,025,446)	(347,211)	(5,039,955)	81,378	(4,807)	(6,336,041)
Changes due to the adjustments	32,699,652	(10,136,105)	(5,820,178)	(159,912)	-	16,583,457
Written off facilities transferred to off consolidated financial position items	-	-	-	-	(15,957)	(15,957)
<b>Balance at the end of the Period</b>	<b>653,708,687</b>	<b>717,767,251</b>	<b>88,938,215</b>	<b>32,391,187</b>	<b>139,237,770</b>	<b>1,632,043,110</b>
<i>In Jordanian Dinar</i>						
Item	Stage One		Stage Two		Stage Three	Total
	Level	Collective Level	Level	Collective Level		
<b>For the year ended December 31, 2020</b>						
Balance at the beginning of the year	663,999,644	619,153,135	100,655,921	33,100,561	114,630,680	1,531,539,941
New facilities during the year	77,492,024	133,583,810	900,782	1,312,784	2,851,410	216,140,810
Facilities paid	(32,342,669)	(45,279,106)	(4,719,654)	(1,753,602)	(4,952,378)	(89,047,409)
Transferred to Stage One	709,148,999	707,457,839	96,837,049	32,659,743	112,529,712	1,658,633,342
Transferred to Stage Two	61,429,998	21,017,814	(61,429,998)	(19,765,843)	(1,251,980)	-
Transferred to Stage Three	(46,520,996)	(9,287,954)	47,945,747	10,194,415	(2,331,212)	-
Effect on the allowance at the end of the year as a result of classification changes between the three stages during the year	(14,702,520)	(3,161,359)	(9,622,678)	(6,464,342)	33,950,899	-
Changes due to the adjustments	(11,668,629)	(630,614)	(5,285,853)	(985,622)	(1,006,282)	(19,577,000)
Written-off Balances	(16,673,567)	10,134,796	3,296,048	(38,184)	1,817,435	(1,463,472)
Adjustment due to exchange rates fluctuations	-	-	-	-	(595,203)	(595,203)
	(8,212,611)	(102,174)	(3,866,352)	(49,096)	(5,151,078)	(17,381,311)
<b>Balance at the end of the Year</b>	<b>672,800,674</b>	<b>725,428,348</b>	<b>67,873,963</b>	<b>15,551,080</b>	<b>137,962,291</b>	<b>1,619,616,356</b>

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- The movement on the expected credit loss provision at collective level during the period/year was as follows:

Item	Stage One		Stage Two		Stage Three	Total
	Individual Level	Collective Level	Individual Level	Collective Level		
<b>In Jordanian Dinar</b>						
<b>For the period ended March 31, 2021</b>						
Balance at the beginning of the period	1,804,197	3,718,047	10,368,829	5,452,368	120,382,114	141,725,555
Credit loss on new balances during the period	24654	63032	13,783,275	10,140	3,169,582	17,050,684
Expected credit loss reversal of matured facilities	(100,397)	(108,279)	(235,755)	(11,835)	(3,676,350)	(4,132,617)
Transfer to Stage One	1,728,454	3,672,800	23,916,349	5,450,673	119,875,346	154,643,622
Transfer to Stage Two	262,082	77,345	(135,342)	(50,331)	(153,754)	-
Transfer to Stage Three	(197,043)	(123,678)	197,043	871,485	(747,807)	-
Effect on the provision at the end of the year as a result of classification changes between the three stages during the year	(8,188)	(9,485)	(2,021)	(17,769)	37,463	-
Changes due to the adjustments	(200,311)	(69,697)	307,978	(694,597)	1,629,998	973,371
Written off facilities transferred to off consolidated financial position items	(961,425)	(2,546,970)	(156,109)	(13,010)	-	(3,677,514)
Adjustment due to exchange rates fluctuations	-	-	-	-	(16,750)	(16,750)
<b>Balance at the End of the period</b>	<b>623,569</b>	<b>1,000,315</b>	<b>24,127,898</b>	<b>5,546,451</b>	<b>120,502,343</b>	<b>151,800,576</b>
					(122,153)	(122,153)
<b>In Jordanian Dinar</b>						
<b>For the year ended December 31, 2020</b>						
Balance at the beginning of the year	2,033,638	5,357,779	11,796,862	984,202	91,932,306	112,104,787
Credit loss on new balances during the year	302216	660,668	214,720	5,331,446	6,378,560	12,887,610
Expected credit loss reversal of matured facilities	(120,274)	(346,518)	(1,631,171)	(18,841)	(2,750,512)	(4,867,316)
Transferred to Stage One	2,215,580	5,671,929	10,380,411	6,296,807	95,560,354	120,125,081
Transferred to Stage Two	556,325	829,225	(556,325)	(182,354)	(646,871)	-
Transferred to Stage Three	(104,643)	(68,643)	449,000	634,302	(910,016)	-
Effect on the allowance at the end of the year as a result of classification changes between the three stages during the year	(11,888)	(36,702)	(86,163)	(66,243)	200,996	-
Changes due to the adjustments	(400,893)	(728,991)	34,533	(555,607)	28,836,461	27,185,503
Written off- Balances	(448,439)	(1,943,611)	186,924	(653,827)	386,866	(2,472,087)
Adjustment due to exchange rates fluctuations	-	-	-	-	(564,671)	(564,671)
	(1,845)	(5,160)	(39,551)	(20,710)	(2,481,005)	(2,548,271)
<b>Balance at the End of the Year</b>	<b>1,804,197</b>	<b>3,718,047</b>	<b>10,368,829</b>	<b>5,452,368</b>	<b>120,382,114</b>	<b>141,725,555</b>

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**Expected credit loss provision:**

The following is the movement on the expected credit loss provision against direct credit facilities according to the business sector:

<i>In Jordanian Dinar</i>	March 31, 2021					Total
	Individual (Retail Customers)	Real Estate Loans	Corporates		Government and Public sector	
			Large Corporate Customers	SMEs		
Balance at the beginning of the Period	44,619,633	10,087,652	53,891,144	32,789,039	338,087	141,725,555
Impairment loss of new facilities during the period	1,883,347	537,275	9,969,286	4,660,776	-	17,050,684
Reversed from impairment loss of the settled balances	(1,354,462)	(847,287)	(459,643)	(1,462,573)	(8,652)	(4,132,617)
	<b>45,148,518</b>	<b>9,777,640</b>	<b>63,400,787</b>	<b>35,987,242</b>	<b>329,435</b>	<b>154,643,622</b>
Effect on the provision at the end of the period as a result of classification changes between the three stages during the period	110,966	194,506	345,435	322,464	-	973,371
Changes due to the adjustments	(2,126,724)	(458,721)	(387,701)	(422,374)	(281,994)	(3,677,514)
Written-off balances transferred to off consolidated financial position items	(16,750)	-	-	-	-	(16,750)
Adjustment due to exchange rates fluctuations	(7,817)	-	(16,640)	(97,696)	-	(122,153)
<b>Balance at the End of the period</b>	<b>43,108,193</b>	<b>9,513,425</b>	<b>63,341,881</b>	<b>35,789,636</b>	<b>47,441</b>	<b>151,800,576</b>
<b>Distributed as follow:</b>						
Provision on individual level	132,812	1,283,381	63,212,462	35,336,416	47,441	100,012,512
Provision on collective level	42,975,381	8,230,044	129,419	453,220	-	51,788,064
<b>Balance at the End of the Period</b>	<b>43,108,193</b>	<b>9,513,425</b>	<b>63,341,881</b>	<b>35,789,636</b>	<b>47,441</b>	<b>151,800,576</b>

<i>In Jordanian Dinar</i>	As of December 31, 2020					Total
	Individual (Retail Customers)	Real Estate Loans	Corporates		Government and Public sector	
			Large Corporate Customers	SMEs		
Balance – Beginning of the year	36,194,481	7,134,274	42,395,693	26,037,867	342,472	112,104,787
Impairment loss of new facilities during the year	8,480,250	2,105,683	1,367,495	897,315	36,867	12,887,610
Reversed from impairment loss of the (settled) balances	(1,724,671)	(680,587)	(2,325,393)	(136,665)	-	(4,867,316)
	<b>42,950,060</b>	<b>8,559,370</b>	<b>41,437,795</b>	<b>26,798,517</b>	<b>379,339</b>	<b>120,125,081</b>
Effect on the allowance at the end of the year as a result of classification changes between the three stages during the year	4,213,373	1,860,072	14,492,439	6,619,619	-	27,185,503
Changes due to the adjustments	(2,326,083)	(248,493)	119,475	24,266	(41,252)	(2,472,087)
Written-off balances transferred to off consolidated financial position items	(82,971)	-	-	(481,700)	-	(564,671)
Adjustment due to exchange rates fluctuations	(134,746)	(83,297)	(2,158,565)	(171,663)	-	(2,548,271)
<b>Balance at the End of the Year</b>	<b>44,619,633</b>	<b>10,087,652</b>	<b>53,891,144</b>	<b>32,789,039</b>	<b>338,087</b>	<b>141,725,555</b>
<b>Distributed as follow:</b>						
Allowance on individual level	101,199	1,532,298	53,747,406	32,239,778	338,087	87,958,768
Allowance on collective level	44,518,434	8,555,354	143,738	549,261	-	53,766,787
<b>Balance at the End of the Year</b>	<b>44,619,633</b>	<b>10,087,652</b>	<b>53,891,144</b>	<b>32,789,039</b>	<b>338,087</b>	<b>141,725,555</b>

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**Interest in Suspense:**

The following is the movement on the interest in suspense:

<i>In Jordanian Dinar</i>	March 31, 2021				
	Individual (Retail Customers)	Real Estate Loans	Corporates		Total
			Large Corporate Customers	SMEs	
Balance at the Beginning of the Period	2,148,647	1,683,760	2,763,131	4,556,165	11,151,703
Add: Interest suspended during the Period	83,908	200,746	227,664	332,880	845,198
Less: Interest in suspense reversed to revenues	(78,845)	(63,689)	(43,403)	(19,396)	(205,333)
<b>Translation differences</b>	(2,044)	-	-	(19,606)	(21,650)
Written off facilities transferred to off financial position items	(468)	-	-	-	(468)
<b>Balance at the End of the Period</b>	<b>2,151,198</b>	<b>1,820,817</b>	<b>2,947,392</b>	<b>4,850,043</b>	<b>11,769,450</b>

<i>In Jordanian Dinar</i>	December 31, 2020				
	Individual (Retail Customers)	Real Estate Loans	Corporates		Total
			Large Corporate Customers	SMEs	
Balance at the Beginning of the Year	1,977,386	1,251,133	2,700,185	3,981,013	9,909,717
Add: Interest suspended during the year	328,944	621,957	762,920	950,655	2,664,476
Less: Interest in suspense reversed to revenues	(132,513)	(115,065)	(144,941)	(111,891)	(504,410)
<b>Translation differences</b>	(17,670)	(74,265)	(555,033)	(240,282)	(887,250)
Written off facilities transferred to off financial position items	(7,500)	-	-	(23,330)	(30,830)
<b>Balance at the End of the Year</b>	<b>2,148,647</b>	<b>1,683,760</b>	<b>2,763,131</b>	<b>4,556,165</b>	<b>11,151,703</b>

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**9. Property and Equipment**

The details of this item are as follows:

<i>In Jordanian Dinar</i>	<u>March 31, 2021</u>	<u>December 31, 2020</u>
Property and equipment (A)	37,243,518	37,163,632
Right of use assets (B)	16,834,769	16,829,962
<b>Net as of March 31, 2020</b>	<b><u>54,078,287</u></b>	<b><u>53,993,594</u></b>

- A. The additions on property and equipment during the period ended March 31, 2021 amounted to JD 1,356,676 (JD 1,079,838 during the period ended March 31,2020); the depreciation expense for the period amounted to JD 1,248,824 March 31, 2021 (JD 1,101,890 for the period ended March 31, 2020).
- B. The additions on right of use during the period ended March 31, 2021 amounted to JD 833,558 (JD 86,077 during the period ended March 31,2020); the depreciation expense for the period amounted to JD 828,751 March 31, 2020 (JD 810,328 for the period ended March 31, 2020 ).

**10. Other Assets**

The details of this item are as follows:

<i>In Jordanian Dinar</i>	<u>March 31, 2021</u>	<u>December 31, 2020</u>
Accrued interest income	8,308,356	10,391,109
Prepaid expenses	6,971,873	3,616,227
Assets foreclosed by the Bank in repayment of non-performing debts*	60,061,777	58,067,461
Clearance cheques	3,554,350	2,427,148
Advance payments on the acquisition of lands and real estates	1,731,926	1,692,367
Paid margins	277,465	255,912
Prepaid tax expenses	5,663,670	3,807,864
Financial derivatives	738,260	-
Accounts receivables and other debit balances	3,752,012	4,818,056
	<b><u>91,059,689</u></b>	<b><u>85,076,144</u></b>

\* The following is the movement on the assets foreclosed by the Bank in repayment of non-performing debts:

<i>In Jordanian Dinar</i>	<u>Foreclosed Assets</u>	
	<u>For the Three- Month Period Ended March 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
	Balance at the Beginning of the Year	68,067,305
Additions	2,270,334	7,516,737
Disposals	(292,915)	(3,651,609)
End of the year balance	<b><u>70,044,724</u></b>	<b><u>68,067,305</u></b>
Impairment provision of assets foreclosed by the Bank**	(9,982,947)	(9,999,844)
<b>Balance at the End of the Year</b>	<b><u>60,061,777</u></b>	<b><u>58,067,461</u></b>

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- According to the Jordanian Banks' Law, buildings and plots of lands foreclosed by the Bank in repayment of debts from clients should be sold within two years from the foreclosure date. However, the Central Bank of Jordan may extend this period for two more years in exceptional cases.
- According to the Central Bank of Jordan Circular No. 10/1/4076 dated March 27, 2014 and Circular No. 10/1/2510 dated February 14, 2017 the bank has started to calculate gradual provision against the assets foreclosed by the bank in exchange of credit facilities that have been in possession for more than 4 years. Central Bank of Jordan issued Circular No. 10/1/16239 dated November 21, 2019 approving the extension of Circular No. 10/1/2150 dated February 14, 2017, in which it confirmed postponing the provision calculation until the end of year 2020 and amending the second clause of it. In accordance with central bank of Jordan circular no 10/3/16628 dated December 27, 2020, circular no 10/1/2510 was extended till December 31, 2021.

**11. Income Tax**

a. Income tax provision

The movement on the income tax profit or loss provision is as follows:

<i>In Jordanian Dinar</i>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Balance - Beginning of the Period / Year	19,881,866	23,803,895
Income tax paid	(4,795,953)	(22,692,105)
Accrued Income tax	5,056,331	18,770,076
<b>Balance - End of the Period / Year</b>	<b>20,142,244</b>	<b>19,881,866</b>

Income tax in the consolidated statement of profit or loss represents the following:

<i>In Jordanian Dinar</i>	<b>For the Three-Month Period Ended on March 31,</b>	
	<b>2021</b>	<b>2020</b>
Income tax on current period's profit	5,056,331	3,301,070
Deferred tax assets for the period-addition	(5,408,392)	(1,437,273)
Amortization of deferred tax assets	2,407,309	2,779,970
	<b>2,055,248</b>	<b>4,643,767</b>

Income tax in the statement of comprehensive income represents the following:

<i>In Jordanian Dinar</i>	<b>For the Three-Month Period Ended on March 31,</b>	
	<b>2021</b>	<b>2020</b>
Income tax over gains from sale of equity instruments classified through comprehensive income	-	639
	<b>-</b>	<b>639</b>

The legal income tax rate in Jordan is 38% for banks, knowing that the legal income tax rate in Palestine in which the bank has investments and branches is 15%, and in Syria (a subsidiary company) 25% and subsidiaries in Jordan 28%.

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- A final settlement was reached with the Income and Sales Tax Department in Jordan up to the end of 2017, and the bank submitted its annual tax returns for the years 2018, 2019 and 2020 and paid the required amounts according to the law, however no final settlement was reached with the Income and Sales Tax Department for those years yet,. In the opinion of management and its legal and tax advisors, the bank will not have any obligations in excess of the provisions that were booked in the consolidated condensed interim financial statements.
- A final settlement was reached with the Income tax and VAT departments on the results of the bank's operations in Palestine until the end of the year 2018 and the bank submitted its tax return for the year 2019 which still not reviewed, In the opinion of management and its tax advisor current booked provisions are sufficient to pay the tax obligations.
- A final settlement was reached with the Income and Sales Tax Department in Jordan with regard to Excel for Financial Investments Company (Subsidiary) until the end of year 2019 except for year 2016. The company submitted its tax return for the year 2020 and paid related taxes but still not reviewed by the Income and Sales Tax Department Yet, In the opinion of management and its tax advisor current booked provisions are sufficient to pay the tax obligations.
- A final settlement was reached with the Income and Sales Tax Department in Jordan with regard to Jordan Leasing Company (Subsidiary) until the end of year 2017, the company submitted its tax return for the years 2018, 2019, 2020 and paid related taxes but still not reviewed by the Income and Sales Tax Department Yet, In the opinion of management and its tax advisor current booked provisions are sufficient to pay the tax obligations.
- The Bank calculated the accrued income tax for the year ended March 31, 2021 for the Bank and its subsidiary Companies and external branches. In the opinion of the management and its tax consultant, the balance is sufficient to meet the tax commitments as of that date.

**12. Borrowed Funds**

The details of this item are as follows:

<i>In Jordanian Dinar</i>	<u>Amount</u>	<u>Number of Installments</u>		<u>Periodic Installments Maturity</u>	<u>Collaterals</u>	<u>Price of Borrowing Interest</u>
		<u>In Total</u>	<u>The Remaining</u>			
<b>March 31, 2021</b>						
Borrowing from the Central Bank of Jordan*	46,259,738	24-108	12-73	Monthly	Treasury Bonds and Bills	0-1%
Borrowing from Jordan Mortgage Refinance Company **	15,260,396	1	1	One payment	Assigning Mortgage bonds for the company	4.15%
Rent lease obligations ***	<u>15,345,709</u>	797	480	Quarterly, semi-annual, annually	None	5.75%
<b>Total</b>	<b><u>76,865,843</u></b>					

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<b>December 31, 2020</b>	<b>Amount</b> <b>JD</b>	<b>Number of Installments</b>		<b>Periodic Installments Maturity</b>	<b>Collaterals</b> <b>JD</b>	<b>Price of Borrowing Interest</b>
		<b>In Total</b>	<b>The Remaining</b>			
Borrowing from the Central Bank of Jordan*	46,968,903	24 – 108	15 - 76	Monthly	Treasury Bonds and bills	Zero - 1 %
Borrowing from Jordan mortgage refinance company	15,000,000	1	1	One payment	Assigning mortgage bounds for the company	4,15%
Borrowing from external bank**	7,090,000	1	1	One payment	None	Average
Rent lease obligations***	<u>15,523,423</u>	791	491	Quarterly, semi-annual, annually	None	5,75%
<b>Total</b>	<b><u>84,582,326</u></b>					

\* The above amounts were re-financed to the bank's customers within the SME and large corporates at interest rates ranging from 2% to 5%.

- This balance is borrowed at a fixed interest rate, and there is no borrowing at floating interest rates, Zero interest borrowings related to loans issued by the Central Bank of Jordan amounted to 32,468,035 as of March 31, 2021.

\*\* This item represents borrowing from Jordan mortgage refinance company which is due in one payment for three years.

\*\*\* Lease obligations – Against right of use of assets – leased :

<i>In Jordanian Dinar</i>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
<b>Maturity analysis - undiscounted contractual cash flows</b>		
Less than one year	3,155,660	3,131,027
Year to five years	8,815,389	10,518,639
More than five years	8,663,989	7,258,618
<b>Total undiscounted lease obligations</b>	<b><u>20,635,038</u></b>	<b><u>20,908,284</u></b>
<b>Discounted lease obligations included in the consolidated condensed interim statement of financial position</b>		
Within one year	15,345,709	15,523,423
More than one year	2,152,907	2,081,138
	13,192,802	13,442,285

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**13. Other Liabilities**

The details of this item are as follows:

<i>In Jordanian Dinar</i>	March 31, 2021	December 31, 2020
Accrued interest payable	4,434,295	5,469,474
Accepted deferred cheques	7,511,472	7,521,812
Temporary deposits	6,002,856	6,844,610
Dividends payable	2,118,607	2,126,474
Deposits on safe boxes	174,046	174,168
Margins against sold real estate	26,700	26,700
Financial derivatives	-	238,254
Expected credit loss provision against indirect credit facilities *	8,057,082	8,845,153
Other liabilities	9,835,446	9,175,767
	<b>38,160,504</b>	<b>40,422,412</b>

\* Indirect credit facilities balances movement at collective level during the period / year was as follows:

<i>In Jordanian Dinar</i>	As of March 31, 2021					
	Stage One		Stage Two		Stage Three	Total
	Individual	Collective	Individual	Collective		
Balance at the Beginning of the period	362,976,823	65,621,764	27,917,115	462,355	11,566,466	468,544,523
New facilities during the period	35,047,507	7,111,952	44,984	218,609	-	42,423,052
Facilities paid	(30,459,205)	(3,325,387)	(954,697)	(123,043)	(135,407)	(34,997,739)
	<b>367,565,125</b>	<b>69,408,329</b>	<b>27,007,402</b>	<b>557,921</b>	<b>11,431,059</b>	<b>475,969,836</b>
Transferred to stage one	4,559,514	140,396	(4,547,514)	(140,396)	(12,000)	-
Transferred to stage two	(11,564,228)	(450,049)	11,564,228	450,049	-	-
Transferred to stage three	(50,878)	(36,305)	(40,500)	(31,211)	158,894	-
The effect of changes in classification between the three stages during the period	1,695,602	68,260	(6,113,548)	(119,512)	(157,516)	(4,626,714)
Changes resulting from modification	47,968,798	(3,211,853)	939,309	49,143	-	45,745,397
Written -off facilities	-	-	-	-	-	-
Adjustments due to exchange rates fluctuations	-	-	-	-	-	-
<b>Balance at the End of the period</b>	<b>410,173,933</b>	<b>65,918,778</b>	<b>28,809,377</b>	<b>765,994</b>	<b>11,420,437</b>	<b>517,088,519</b>

<i>In Jordanian Dinar</i>	As of December 31, 2020					
	Stage One		Stage Two		Stage Three	Total
	Individual	Collective	Individual	Collective		
Balance at the Beginning of the Year	546,467,533	48,633,570	53,033,126	637,617	12,604,062	661,375,908
New exposures during the year	43,318,143	5,166,342	831,531	8,632	-	49,324,648
Accrued exposures	(149,449,044)	(5,164,839)	(18,396,150)	(66,295)	(1,245,261)	(174,321,589)
	<b>440,336,632</b>	<b>48,635,073</b>	<b>35,468,507</b>	<b>579,954</b>	<b>11,358,801</b>	<b>536,378,967</b>
Transferred to stage one	26,886,685	407,648	(26,886,685)	(407,648)	-	-
Transferred to stage two	(28,802,500)	(261,573)	28,803,370	261,573	(870)	-
Transferred to stage three	(53,740)	(111,897)	(985,925)	(55,324)	1,206,886	-
Effect as a result of classification changes between the three stages during the year	(8,110,801)	375,933	(6,154,212)	77,098	(997,153)	(14,809,135)
Changes due to the adjustments	(65,007,809)	16,576,580	(921,207)	6,702	-	(49,345,734)
Adjustments due to exchange rates fluctuations	(2,271,644)	-	(1,406,733)	-	(1,198)	(3,679,575)
<b>Balance at the End of the Year</b>	<b>362,976,823</b>	<b>65,261,764</b>	<b>27,917,115</b>	<b>462,355</b>	<b>11,566,466</b>	<b>468,544,523</b>

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\* Expected credit loss provision movement against indirect credit facilities during the period / year was as follows:

<i>In Jordanian Dinar</i>	As of March 31, 2021					
	Stage One		Stage Two		Stage Three	Total
	Individual	Collective	Individual	Collective		
Balance at the Beginning of the period	590,584	460,649	158,736	5,617	7,629,567	8,845,153
Credit loss on new exposures during the period	46,673	13,116	28	1,889	-	61,706
Impairment loss over accrued exposures	(31,887)	(23,842)	(7,802)	(1,497)	(173,328)	(238,356)
	<b>605,370</b>	<b>449,923</b>	<b>150,962</b>	<b>6,009</b>	<b>7,456,239</b>	<b>8,668,503</b>
Transferred to stage one	31,159	1,697	(24,286)	(1,697)	(6,873)	-
Transferred to stage two	(25,443)	(3,143)	26,781	3,143	(1,338)	-
Transferred to stage three	(26)	(255)	(1,708)	(655)	2,654	-
Effect on the provision at the end of the period – as a result of classification changes between the three stages during the period	(17,311)	(1,312)	51,502	(270)	(1,781)	30,828
Changes due to the adjustments	(288,613)	(325,350)	(86,568)	(155)	-	(640,686)
Adjustments due to exchange rates fluctuations	(1,563)	-	-	-	-	(1,563)
<b>Balance at the End of the Period</b>	<b>363,573</b>	<b>121,560</b>	<b>116,683</b>	<b>6,365</b>	<b>7,448,901</b>	<b>8,057,082</b>

<i>In Jordanian Dinar</i>	As of December 31, 2020					
	Stage One		Stage Two		Stage Three	Total
	Individual	Collective	Individual	Collective		
Balance at the Beginning of the year	1,259,826	635,663	465,483	7,912	7,837,969	10,206,853
Credit loss on new exposures during the year	35,774	36,129	6,445	106	386,631	465,085
Impairment loss over accrued exposures	(160,064)	(67,915)	(184,755)	(832)	(718,707)	(1,132,273)
	<b>1,135,536</b>	<b>603,877</b>	<b>287,173</b>	<b>7,186</b>	<b>7,505,893</b>	<b>9,539,665</b>
Transferred to stage one	179,988	5,077	(179,988)	(5,077)	-	-
Transferred to stage two	(57,124)	(3,447)	57,692	3,447	(568)	-
Transferred to stage three	(990)	(1,630)	(18,324)	(242)	21,186	-
Effect on the provision at the end of the year – as a result of classification changes between the three stages during the period	(172,592)	846	31,249	219	103,379	(36,899)
Changes due to the adjustments	(518,521)	(144,074)	(17,303)	84	(102)	(679,916)
Adjustment due to exchange rates fluctuations	24,287	-	(1,763)	-	(221)	22,303
<b>Balance at the End of the Year</b>	<b>590,584</b>	<b>460,649</b>	<b>158,736</b>	<b>5,617</b>	<b>7,629,567</b>	<b>8,845,153</b>

**14. Provision for Expected Credit Loss on Financial Assets**

The details of this item are as follows:

<i>In Jordanian Dinar</i>	For the Three-Month Period	
	Ended March 31,	
	2021	2020
Cash at central banks	37,159	(152,144)
Balances with banks and financial institutions	1,700	50,276
Deposits at banks and financial institutions	(3,157)	20,405
Financial assets at fair value through comprehensive income – debt securities	(212,204)	(48,202)
Direct credit facilities at amortized cost	10,213,924	6,460,143
Financial assets at amortized cost	(280,635)	(127,220)
Indirect credit facilities	(786,508)	105,750
	<b>8,970,279</b>	<b>6,309,008</b>

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**15. Earnings per Share from Profit for the Period**

The details of this item are as follows:

<i>In Jordanian Dinar</i>	<b>For the Three-Month Period</b>	
	<b>Ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Profit for the year (Bank's shareholders)	6,956,601	7,174,273
<b>Weighted average number of shares</b>	<b>200,000,000</b>	<b>200,000,000</b>
Net income for the period/share (Bank's shareholders):		
<b>Basic /Diluted</b>	<b>0.035</b>	<b>0.036</b>

**16. Cash and Cash Equivalents**

The details of this item are as follows:

<i>In Jordanian Dinar</i>	<b>As of March 31,</b>	
	<b>2021</b>	<b>2020</b>
Cash and balances with central banks maturing within 3 months	369,724,732	305,019,842
<u>Add: Balances with banks and other financial institutions</u>		
maturing within 3 months	151,610,577	217,912,685
<u>Less: Banks and financial institutions' deposits maturing</u>		
within 3 months	(21,198,005)	(31,594,188)
Restricted balances	(96,402,392)	(85,947,687)
	<b>403,734,912</b>	<b>405,390,652</b>

**17. Capital Management**

**Capital Components:**

- **Paid-up Capital:**

The paid-up capital of Bank of Jordan consists of (200) million ordinary shares at a nominal value of 1 JD per share. The Bank maintains capital, statutory reserves, and retained earnings to meet the growth in its operations and the requirements of branching locally and regionally.

- **Regulatory Capital:**

Regulatory capital is considered a control tool according to the requirements of regulatory authorities and Basel (III) for the purposes of achieving control over the adequacy of capital and the ratio of regulatory capital to risky and weighted assets and market risk. Regulatory capital consists of:

- (Paid-up capital, legal reserve, voluntary reserve, and retained earnings).
- (Undisclosed reserves, general banking risks reserve, special reserve subordinated debts, and the positive fair value reserve at 100% and deduct regulatory adjustments according Basel III).
- Foreign currency translation differences.

- **Regulatory Authorities' Requirements:**

The regulatory authorities' instructions entail that the minimum capital shall be JD (100) million. Moreover, banks have been requested to increase their capital adequacy ratio to no less than 14.5% according to the Central Bank of Jordan instructions. The ratio of owners' equity to total risk weighted assets must not be less than 6%.

The ratio of owners' equity to total assets (financial leverage ratios) must not be less than 4%.

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- **Achieving the Objectives of Capital Management:**

The Bank's management aims at achieving the capital management objectives through developing (enhancing) the Bank's activities, achieving a surplus in operating profits and revenues, and optimally investing available funds. All of this is geared towards reaching the targeted growth in owners' equity through the increase in the compulsory reserve at 10% of the profits earned, voluntary reserve at 20%, and retained earnings.

The regulatory capital and capital adequacy ratio according to the standard approach was as follows:

<i>In Jordanian Dinar</i>	<b>In Thousands of JD</b>	
	<b>March 31, 2021</b>	<b>December 31, 2020</b>
<b><u>Regulatory capital for ordinary shares holders (CET1):</u></b>		
Subscribed and paid-up capital	200,000	200,000
Statutory reserve	99,191	99,191
Voluntary reserve	47	47
Other reserves	5,850	5,850
Fair value reserve	(6,963)	(6,092)
Retained earnings	131,562	140,561
Profit for the period	6,957	-
Minority interest in the capital of subsidiaries	5,018	3,236
<u>Less: Regulatory capital adjustments</u>	<u>(44,433)</u>	<u>(41,257)</u>
<b>Total Primary Capital for ordinary shareholders (CET1)</b>	<b>397,229</b>	<b>401,257</b>
<b><u>Additional Capital Items</u></b>		
Provision balance against debt instruments included in (Stage 1) not exceeding 1.25% of total risk weighted assets	2,653	7,405
General banking risk reserve	2,804	2,804
<b>Total additional capital</b>	<b>5,457</b>	<b>10,209</b>
<b>Total regulatory capital</b>	<b>402,686</b>	<b>411,466</b>
<b>Total risk weighted assets</b>	<b>2,130,843</b>	<b>2,156,718</b>
<b>Capital adequacy ratio (%)</b>	<b>18.90%</b>	<b>19.08%</b>
<b>Regulatory capital for ordinary shareholders (CET1) (%)</b>	<b>18.64%</b>	<b>18.60%</b>
<b>Capital adequacy for first layer (%)</b>	<b>18.64%</b>	<b>18.60%</b>

**18. Information on the Bank's Business Segments**

1. **The Bank's business segments are:**

The Bank is organized for management purposes in a manner that allows measurement of its segments according to reports used by its Chief Executive Officer and main decision-makers through the following main segments:

- Retail Banking: includes following up on individual customers' accounts, granting them loans, credit, credit cards, and other services.
- Corporate Banking: includes following up on deposits, credit facilities, and other banking services pertinent to corporate customers.
- Treasury: includes providing dealing and treasury services and management of the Bank's funds.
- Financial Brokerage Services: includes providing purchase and sale of customers' portfolios on their behalf, custody of investments, financial consultations, custody service, and management of initial public offerings.

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1. Information about Bank business segments distributed in accordance with the activities is as follows:

In Jordanian Dinar	Total						
	Individual (Retail Customers)	Corporation	Treasury	Financial Brokerage	Other	2021	2020
Total Revenues	14,781,662	12,751,629	6,375,802	61,577	779,149	34,749,819	34,863,276
(Expense) recovered from expected credit loss	2,150,339	(11,597,720)	477,317	(215)	-	(8,970,279)	(6,309,008)
Segments operations results	16,932,001	1,153,909	6,853,119	61,362	779,149	25,779,540	28,554,268
Other expenses	(9,345,109)	(3,985,451)	(376,097)	(49,840)	(2,897,516)	(16,654,013)	(16,899,729)
Profit before tax	7,586,892	(2,831,542)	6,477,022	11,522	(2,118,367)	9,125,527	11,654,539
Income tax	(2,601,169)	1,753,497	(1,411,002)	(3,227)	206,653	(2,055,248)	(4,643,767)
Net profit for the period	4,985,723	(1,078,045)	5,066,020	8,295	(1,911,714)	7,070,279	7,010,772
<b>Other information</b>							
Capital Expenditures	889,780	14,968	-	-	451,928	1,356,676	1,079,838
Depreciation and amortization	1,485,079	68,219	1,324	4,355	860,474	2,419,451	2,197,448
<b>In Jordanian Dinar</b>						March 31, 2021	December 31, 2020
Total Assets	772,692,563	786,791,999	993,088,704	869,556	132,299,384	2,685,742,206	2,712,413,987
Total Liabilities	1,672,541,866	370,908,092	131,183,552	303,494	42,198,245	2,217,135,249	2,250,006,939

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2. Information about Geographical Distribution:

This item represents the geographical distribution of the Bank's activities. The Bank conducts its activities mainly in Jordan, representing local activities. Additionally, the Bank performs international activities in Middle East, Europe, Asia, United States, Far East, which represent, international operation.

The following is the geographical distribution of the Bank's revenues, assets, and capital expenses according to geographical location:

<i>In Jordanian Dinar</i>	<u>Inside the Kingdom</u>		<u>Outside the Kingdom</u>		<u>Total</u>	
	<u>March 31</u>		<u>March 31</u>		<u>March 31</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Total Revenues	31,088,939	36,359,202	9,720,997	8,236,819	40,809,936	44,596,021
Capital Expenditures	992,750	1,038,651	363,926	41,187	1,356,676	1,079,838

<i>In Jordanian Dinar</i>	<u>Inside the Kingdom</u>		<u>Outside the Kingdom</u>		<u>Total</u>	
	<u>March 31,</u>	<u>December 31,</u>	<u>March 31,</u>	<u>December</u>	<u>March 31,</u>	<u>December 31,</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>31, 2020</u>	<u>2021</u>	<u>2020</u>
Total Assets	1,883,414,494	1,874,618,417	802,327,712	837,795,570	2,685,742,206	2,712,43,987

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**19 Related parties Transactions**

Within its normal activities, the Bank entered into transactions with its major shareholders, members of the Board of Directors, executive management and the associate Company at the commercial rates of interest and commission. Moreover, all loans and advances with related parties are performing, and no provision for probable credit losses has been taken thereon.

The following are summaries of balances and transactions with related parties during the period:

<i>In Jordanian Dinar</i>	Related party					Total	
	Subsidiaries*	Board of Directors Members	Executives Management	Staff Provident Fund	Other Parties	March 31,	December 31,
						2021	2020
<b>Consolidated Statement of Financial Position</b>							
<b>Items:</b>							
<b>Assets:</b>							
Investments	45,415,294	-	-	-	-	45,415,294	45,415,294
Credit Facilities	-	1,329,075	1,451,904	-	1,739,279	4,520,258	4,730,412
Deposits and current accounts	453,785	-	-	-	-	453,785	576,234
Cash Margins	3,982,000	-	-	-	-	3,982,000	3,982,000
<b>Liabilities:</b>							
Customer Deposits	14,694,563	1,055,869	3,704,711	784,858	25,367,819	45,607,820	55,317,831
Bank Deposits	8,505,821	-	-	-	-	8,505,821	8,659,272
Borrowed funds	3,530,793	-	-	-	-	3,530,793	3,561,616
<b>Off-Statement of financial position Items</b>							
Letters of guarantee	761,710	10,300	-	-	5,907,316	6,679,326	5,820,436
Letters of credits and Acceptances	-	-	-	-	1,886,397	1,886,397	2,302,281
						<b>Total</b>	
						<b>For the three Month period ended March</b>	
						<b>2021</b>	<b>2020</b>
<b>Consolidated Statement of Profit or Loss Items:</b>						<b>JD</b>	<b>JD</b>
Credit interest and commission	2,130	21,803	21,744	163	39,203	85,043	113,758
Debit interest and commission	189,707	8,235	30,633	847	64,967	294,389	1,399,776

**Interest rates:**

- Credit interest rates against facilities in JOD range from 1.5% (represent the minimum price for interest margin against 100% cash margin) to 13.5%.
- No Credit interests in foreign currency.
- Debit interest rates for JOD range from 0.0025% to 5.75%.
- Debit interest rates for foreign currency range from 0.07%. To 1.07%

- \* Balances and transactions with subsidiary companies are excluded from the consolidated financial statements, but presented for clarification purposes only.
- Investment in subsidiary - syria shown at cost, noting that the bank has accounted for this investment impairment in its records.
- Related parties number that have been granted facilities is 40 customers as of March 31, 2021.

**Bank's Executive Management Salaries and Remunerations Summary is as follows**

<i>In Jordanian Dinar</i>	For the three month period ended	
	2021	2020
Salaries and benefits	586,593	481,806
Transportation and board secretary	6,750	4,500
Board of directors membership, transportation and bonuses	131,036	134,375
<b>Total</b>	<b>724,379</b>	<b>620,681</b>

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**20. Fair Value Hierarchy**

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

Some financial assets and liabilities of the Bank are 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).

Financial Assets/Financial Liabilities	Fair Value		The Level of Fair Value	Evaluation Method and Inputs Used	Important Intangible Inputs	The Relationship Between Fair Value and the Important Intangible Inputs
	March 31, 2021	December 31, 2020				
<b>Financial Assets at Fair Value</b>	JD	JD				
<b>Financial Assets at Fair Value Through Income Statement</b>						
Shares that have an available market price	72,367	32,883	Level One	Stated Rates in financial markets	Does Not Apply	Does Not Apply
Shares that do not have an available market price	124,158	124,159	Level Two	Financial Statements issued by companies		
Right to receive at fair value	15,000,000	15,000,000	Level One	Determind price	Does Not Apply	Does Not Apply
<b>Total</b>	<b>15,196,525</b>	<b>15,157,042</b>				
<b>Financial Assets at Fair Value through Comprehensive Income</b>						
Shares that have available market price	9,747,283	9,999,393	Level One	Stated Rates in financial markets	Does Not Apply	Does Not Apply
Shares that do not have available market price	49,194,961	49,182,554	Level Two	Financial Statements issued by companies	Does Not Apply	Does Not Apply
<b>Total</b>	<b>58,942,244</b>	<b>59,181,947</b>				
Bonds that have available market price	-	25,344,463	Level One	Stated Rates in financial markets	Does Not Apply	Does Not Apply
<b>Total</b>	<b>-</b>	<b>25,344,463</b>				
Forward Contracts (Foreign Currency)	738,260	-	Level One	Stated Rates in financial markets	Does Not Apply	Does Not Apply
<b>Total</b>	<b>74,877,029</b>	<b>99,683,452</b>				
	-	238,254				
<b>Total Financial Assets at Fair Value</b>	<b>-</b>	<b>238,254</b>				

There were no transfers between level 1 and level 2 during the first quarter of 2021.

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

Except as detailed in the table below, we believe that the carrying amount of financial assets and liabilities shown in the consolidated condensed interim financial statements of the Bank approximate their fair value, because the Bank's management believes that the carrying value of the items is equivalent to the fair value, and this is due to either short-term maturity interest rates that have been repricing during the year.

In Jordanian Dinar	March 31, 2021		December 31, 2020		The Level of Fair Value
	Book Value	Fair Value	Book Value	Fair Value	
<b>Financial Assets of non-specified Fair Value</b>					
Balances at central banks	310,834,625	310,849,036	283,107,444	283,121,142	Level Two
Balances at banks and financial institutions	151,610,577	151,634,697	190,726,236	190,748,749	Level Two
Deposits at banks and financial institutions	89,564,000	91,071,021	89,564,000	90,818,151	Level Two
Loans, bills and other	1,424,751,863	1,428,378,497	1,465,186,407	1,469,103,909	Level Two
Financial assets at amortized cost	345,468,158	348,398,193	349,154,840	353,782,663	Level Two
<b>Total Financial Assets of non-specified Fair Value</b>	<b>2,322,229,223</b>	<b>2,330,331,444</b>	<b>2,377,738,927</b>	<b>2,387,574,614</b>	
<b>Financial Liabilities of non-specified Fair Value</b>					
Deposits at banks and financial institutions	72,135,872	72,274,844	70,762,354	70,906,640	Level Two
Customers' deposits	1,889,686,589	1,894,001,662	1,909,187,576	1,914,526,143	Level Two
Cash insurance	114,549,926	114,557,369	119,819,309	119,821,325	Level Two
<b>Total Financial Liabilities of Non-specified Fair Value</b>	<b>2,076,372,387</b>	<b>2,080,833,875</b>	<b>2,099,769,239</b>	<b>2,105,254,108</b>	

The fair value for the financial assets and liabilities for the level 2 and level 3 were determined in accordance to agreed pricing models, which reflects the credit risk of the parties that are dealing with it.

**(C) Non-Financial Assets and Liabilities not Measured at Fair Value but its in fair Value disclosed in the Consolidated Condensed Interim Financial Statements:**

In Jordanian Dinar	March 31, 2021		December 31, 2020		The Level of Fair Value
	Book Value	Fair Value	Book Value	Fair Value	
Other assets	JD 70,044,722	JD 116,239,018	JD 68,067,305	JD 114,485,914	Level Two
	<b>70,044,722</b>	<b>116,239,018</b>	<b>68,067,305</b>	<b>114,485,914</b>	

The above items set out the fair value of non-financial assets that are determined on the basis of prices of similar instruments in an inactive market.

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**21. Commitments and Contingent Liabilities**

**A- Contingent Liabilities:**

<i>In Jordanian Dinar</i>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Letters of credit includes:	41,917,959	52,308,450
Acceptances	7,306,410	18,627,450
Letters of guarantee:		
Payment	32,918,502	35,257,524
Performance	47,140,854	46,805,604
Other	27,831,841	29,979,782
Un-utilized direct and indirect credit facilities limits	359,972,953	285,565,713
<b>Total</b>	<b>517,088,519</b>	<b>468,544,523</b>

- The provision for expected credit losses in accordance with the requirements of IFRS (9) on off-balance sheet items (unfunded) amounted to JD 8,057,082 as of March 31, 2021 (JD 8,845,153 as of December 31, 2020).

**B- Contractual Obligations:**

<i>In Jordanian Dinar</i>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Contracts for purchasing of property and equipment*	885,099	1,125,912
Contracts for operating and financing lease**	15,345,709	15,523,423
<b>Total</b>	<b>16,230,808</b>	<b>16,649,335</b>

\* These commitments mature in less than 1 year.

\*\* These commitments mature between 1 year to 10 years.

**C- Lawsuits Raised Against the Bank**

The Bank is a defendant in lawsuits demanding cancellation of the Bank's claims against others, lifting of real estate mortgages, compensation for damages, and non-cashing of cheques. These lawsuits amounted to JD 8,263,970 as of March 31, 2021 (JD 7,910,297 as of December 31, 2020). In the opinion of the management and legal counsel, no material financial liability is likely to be incurred as a result of these lawsuits in excess of provision recorded which amounted to JD 827,385 as of March 31, 2021 (JD 832,435 as of December 31, 2020). However, amounts that will probably be paid by the Bank as a result of dismissal or amicable settlement of these lawsuits will be taken to the consolidated Statement of profit or loss or against the recorded provision when paid.

**22. COVID-19 Outbreak and Its Implications**

- A- As a result of the COVID-19 outbreak, the bank has taken several procedures and measures from the start of the pandemic, and during the year 2020 and the three months period ended March 31, 2021 with no changes on the policies, estimates and judgments during the period ended March 31, 2021, the procedures are as follows:

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Restructuring and postponing the credit facilities installments in accordance with the Central Bank of Jordan instructions for taking appropriate measures to face the pandemic.

- B- Measuring the potential risk for the customer's economic sectors on the bank group level, which was done through following the Central Bank of Jordan issued instructions that measure the impact of COVID-19 on the bank's portfolio to assess the expected situation of the pandemic through the classification of the degree of effect on customers/ sectors to three stages as follows:
- 1- High impact: customers/ sectors expected to be classified under non-performing debts (stage 3) after 2-3 months.
  - 2- Medium impact: customers/ sectors expected to be classified under non-performing debts (stage 3) after 6 months.
  - 3- Low impact: customers/ sectors expected to be classified under non-performing debts (stage 3) after 9 Months.

In light of the event, business centers have performed a study on their corporate, SMEs and individual customers' accounts based on certain indicators as shown below:

**1) Corporate and SMES portfolio:**

Business centres for corporate and SMEs have studied several indicators which includes cash flows, customers' financial position, and the economic activity to provide the level of impact on the customers, The Credit Risk Department has listed this class of customers in stage 3, and elevate their risk degree to 8 and the probability of default to 100% to reach the calculation of expected credit loss for each sector/customer.

**2) Individual portfolio:**

Business centres for individuals have studied the customers and effected sectors, The Credit Risk Department has listed this class of customers in stage 3 and elevate their probability of default to 100% to reach the calculation of expected credit loss for each sector/customer.

- C- The bank has reassessed the impact of the pandemic on their customers by the end of the year 2020 and comparing it with the first assessment made at the start of the pandemic which estimated the size of the expected credit loss which was reflected on the consolidated condensed interim financial statements.
- D- The expected credit losses were estimated based on a set of expected economic conditions as at that date given the rapid development for the situation, the Bank took into account the effect of high volatility on future macroeconomic factors, when determining the severity and likelihood of economic scenarios to determine expected credit losses. This volatility was reflected by modifying the basic scenarios building methods and weights specific to these scenarios. Future factors used are determined from the statistical distribution of credit cycle index factors, which can be derived from a number of observable historical factors such as risk returns, credit growth, credit margins or assumptions as well as forward looking, the Bank has updated the macroeconomic factors used in calculating the probability of default to reflect the Corona Virus (COVID-19) pandemic impacts results in coordination with Moody's, which was identified from the statistical distributions of credit cycle index factors. The Bank performs continuous studies and reviews over these factors and scenarios.
- E - In addition, Bank of Jordan management has paid particular attention to the impact of the Corona virus (COVID-19) on the qualitative and quantitative factors when determining the significant increase in credit risk and assessing indicators of impairment of risk in potential sectors affected. This has resulted in a decrease in the classification of some credit exposures, recognition of expected credit losses and provisions for impairment as shown in the stated in the consolidated condensed interim financial statements notes.

**23. Subsequent Events**

The General assembly has decided at their extraordinary meeting held on April 19, 2021, to distribute 12% of the Bank's paid-up capital as cash dividends which equivalent to JD 24 Million to the shareholder each by their ownership in the capital.