البنك الأردني الكويتي

JORDAN KUWAIT BANK

2020 Annual Report

بسم الله الرحمن الرحيم

البنك الأردني الكويتي
JORDAN KUWAIT BANK
"More than just a bank"

Public Ltd. Company
Established 25/10/1976
Commercial Register Number 108
Paid-up Capital JD 150 million

Member of "Kipco" Group - Kuwait

Our Vision...

"To be one of the pioneer Arab banks through offering distinguished comprehensive banking solutions, in line with the latest developments in banking industry and e-business in the world."

Our Mission...

"We are a Jordanian banking institution which offers global services assured with high quality and professionalism by taking full advantage of the Bank's advanced technological capabilities and its staff efficiency to render qualified services to customers. JKB seeks to diversify its customer base to include various Jordanian & Arab economic sectors, in order to achieve a rewarding yield to shareholders, in addition to enhance the national economy development, and society welfare."

Contents

His Majesty

King Abdullah II Bin Al-Hussein

His Highness

Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah

Amir of the State of Kuwait

His Royal Highness

Prince Hussein Bin Abdullah II

The Crown Prnice

Board of Directors

Chairman	• **H.E. Mr. Abdel Karim A. Kabariti** Rep.: Al Rawabi United Holding Co. - Kuwait
Vice Chairman	• **Mr. Faisal Hamad Al-Ayyar**
Members	• **Mr. Masaud Mahmoud Jawhar Hayat** Rep.: Kuwait Projects Co. (Holding) – Kuwait
	• **Mr. Tariq Moh'd Abdul Salam**
	• **Mr. Mohammad Adnan AlMadi –** until 16/6/2020 Rep.: Social Security Corporation – Jordan
	• **Mr. Nidal Faeq Qubbaj** – as of 17/6/2020 Rep.: Social Security Corporation – Jordan
	• **Dr. Yousef Musa Goussous** Rep.: Al Rawabi United Holding Co. - Kuwait
	• **Mr. Mansour Ahmad Louzi** Rep.: Strategy Co. for Investments – Jordan
	• **Mr. Bijan Khosrowshahi** Rep.: Odyssey Reinsurance Co. – U.S.A
	• **H.E. Dr. Marwan Jamil Muasher**
	• **Mr. Hani Khalil Hunaidi**
	• **Mr. Majed Fayyad Burjak**
	• **Dr. Safwan Samih Toqan**
	• **H.E. Mr. Marwan Mahmoud Awad**
Board Secretary	• **Mr. Suhail Moh'd Turki**
Auditors	• **PricewaterhouseCoopers 'Jordan'**

1921

King
Abdullah bin Al-Hussein

King and founder of the Hashemite Kingdom of Jordan after the Great Arab Revolt. He was born in 1882, arrived in Ma'an in 1920 after trying to fight the French forces in Syria, and established the Emirate of Transjordan in 1921. The first central government in the country was formed on April ,11 1921, led by Rashid Talei.

Message from the Chairman

To The Shareholders,

I am pleased to present to you, in my name and on behalf of my colleagues, members of the Board of Directors, the Annual Report on the Bank's results, achievements and the Consolidated Financial Statements for the year ending on 31/12/2020.

The year 2020 witnessed unprecedented and difficult times due to the Coronavirus Pandemic and its adverse impact on various economic sectors; the health sector, social activities, education and travel. Expectations varied between positivity and negativity in respect of the profoundness of the pandemic's effects, and the uncertainty of its evolvement. Decisions fluctuated between opening up in certain instances and total or partial lockdowns in others. Doubts increased regarding the economy recovery opportunities and the extent of its rapid response capability, which confused the general outlook on the global and domestic levels.

Towards year-end, came a glimmer of a hope for overcoming such a complex and crucial phase; efforts and experiments were accelerated to produce a vaccine for the virus. A number of international pharmaceutical companies were able to produce and begin distribution of vaccines, driven by the global solidarity, which revived hopes for the reinstatement of various sectors on course to recovery sooner than anticipated.

The results would have been far worse had it not been for unprecedented and urgent initiatives and responses taken at the level of public finances, monetary policies and regulatory measures in most countries; which preserved the availability of income for families, safeguarded cash flows of companies, supported access to credit facilities and mitigated economic losses.

However, growth forecasts indicate major negative gaps in the GDP, rise in unemployment rates in 2020 and 2021 across developed and emerging market economies, which foretells a lengthy period is required for the global economy to be restored to pre-pandemic levels.

Domestically, the general situation and the economic performance in 2020 did not differ from the situation in the region and the world. The effects and consequences emanating from the Pandemic were similar despite varying measures.

In the Middle of March 2020, Jordan implemented a full lockdown lasting over two months, followed by total and partial lockdowns that extended over various periods; clearly affecting the performance of various sectors. The successive Government measures certainly impacted the crisis control and management, except that living and economic situations further deepened as a result of the Government's inability to provide the required support due to lack of financial solvency.

Prior to the pandemic, the Jordanian Economy was expected to realize a positive growth rate, which materialized during the first quarter of the year, however with the onset of the pandemic, estimates were revised to between negative 3.5% and negative 5%. Such figures remain much better than the declining GDP ratios of neighboring countries.

In light of the developments; increasing the health sector capabilities; the growing adherence to prevention measures and maintaining a relatively low numbers of Coronavirus cases, many economic sectors gradually resumed their positive course, hence it is anticipated that the growth rate shall rise to around 2.5% during 2021.

It is imperative to voice the appreciation and pride for the solidarity shown and the collaboration initiatives provided by various official and private entities; the first and foremost being those of the Central Bank of Jordan; the speed with which it set-up procedures and solutions to inject liquidity into the economy and mitigate the pressure that various sectors have faced, through providing financing windows in various forms, reducing interest rates, and deferring corporate and retail loan installments. Banks also asserted their leading role in supporting the economy and protecting customers and their various activities. Not forgetting to mention the emergency assistance received by the Treasury from foreign countries and the IMF, which had a great impact in maintaining the Kingdom's ability to fulfill its essential obligations in light of the decline in tax revenues, due to the significant slowdown in corporates' activities.

The challenges are great; the consequences and impact of the pandemic still exist, and may extend beyond 2021, thus joint efforts by the governmental and private sectors is required to set-up a comprehensive national plan for the advancement of the economy according to scientific and objective-based principles and incentive programmes, in addition to implementing the concept of the public and private sector partnership, as it remained for the past years a promotional motto, without any clear and tangible effect.

The Banking Sector of Jordan

During 2020, the Banking Sector performed reasonably despite the challenges that faced the Jordanian Economy. Banks' performance indicators recorded good levels, with the exception of profit indicators; which showed a sharp decline as a result of the increase in the allocated provisions to counter the increase in credit risks.

Banks exhibited high level of prudency, compliance, and consistency in dealing with the prevailing economic situation and enhancing its stability. Deposits at banks increased over the previous year by 5%, reaching JD36.79 billion. Credit facilities also grew by 6% compared with the previous year, reaching JD28.6 billion confirming the continuous and solid support of banks for the various industrial and commercial sectors.

The long-term effects of the pandemic on banks' performance are not yet manifested, and may be more profound with more painful effects in the future, whether domestically or globally, and shall be more critical locally given the small size of the national economy. The business sectors that suffered from liquidity issues are currently suffering solvency issues; thus a lot of companies and business sectors are heading towards liquidating their business or leaving the country with enormous commitments towards the banks; obligating banks to double allocations for provisions against such commitments, and thus adversely affecting their investments, achievements, profits and contributions in support of the labour market, employment and funding the treasury in tax revenues.

In all events, the notion of maintaining the solvency and solidity of the banking system and not subjecting it to risk, remains the highest priority of the Central Bank of Jordan and the managements of banks operating in Jordan.

The Bank's Performance in 2020

During the year, the Bank stayed current with the developments of the economic situation in the Kingdom and monitored the various sectors' ability to respond to the pandemic's effects, and what such effects entail regarding their ability to meet their credit commitments toward the Bank, as well as follow-up on customers to determine the extent of response required regarding any defaults; whether those realized during the pandemic or subsequently threatened by default risks later on, with the accompanying decrease in the estimated collaterals. Sufficient provisions were calculated and allocated against the direct and indirect facilities granted. Furthermore, appropriate provisions were allocated to hedge against the depreciation in the value of a number of investment assets abroad, because of the political and economic instability in certain countries and their lowered credit rating.

During the year 2020, the Bank maintained the level of results of its main activities in comparison to the previous year. Total assets increased by 2% reaching JD2,810 million, customer deposits reached 1.878 billion; a growth of 1%. On the other hand, the net credit facilities amounted to JD1,577 million as at 31/12/2020 compared with JD1,574 million at the end of 2019. The Bank's Capital Adequacy Ratio reached 19.38%; which is higher than the prevailing average in the Banking Sector of 16.7%. As a result of the decrease in interest and commissions rates and the actual rise in the risk costs and the amount of provisions taken, this has reflected on the results for the year which recorded a loss of JD4.5 million.

Based on the afore mentioned, the Bank's Financial Statements for the period ending on 31/12/2020 are in line with the current circumstances and which reflect the directives of the top Management and their endeavors to confront any unexpected defaults, taking into account the commitment to maintain the stability and strengthen the financial position of the Bank in a manner conducive towards enhancing the Bank's capability in dealing with all scenarios that may occur during the crisis.

In 2020 and in response to the instructions of the Central Bank of Jordan, the Shareholders' General Assembly decided in its meeting held on 4/5/2020 not to distribute dividends for 2019, and in return resolved to increase the Bank's capital from JD100 million to JD150 million by capitalization of JD50 million from the voluntary reserve and distribute as bonus shares to shareholders at the rate of half a share per share. This move was met with the approval and commendation of shareholders.

During 2020, the Bank's Management made all efforts to transform the challenges imposed by the pandemic to opportunities and derive all possible positive aspects. Efforts focused on the development, updating, and restructuring activities, which encompassed all aspects of the Bank's operations. The Bank's technological structure development projects got the largest share of such efforts, whereby the comprehensive refurbishment of the Data Centre were started, on account that it is the essential element for business management in light of the successive technological developments worldwide. This included the main and DR data centers; devices, systems, and networks, in addition to the banking and administrative programmes and applications; giving priority to cyber security, whose risks have recently increased. We were quite aggressive to build an efficient infrastructure to up-grade the Bank's activities and services to the highest levels domestically and globally.

The development and updating efforts of the technological aspect were accompanied by similar efforts in the administrative and organizational aspects aiming at raising performance efficiency and improving productivity. Organizational changes were carried out with the re-structuring of the Senior Management and some work units and centers taking maximum advantage of applications that facilitate in conducting activities remotely for many of the Banks functions. Such arrangements realized distinguished results from the early days of the pandemic.

There were many positive gains last year despite the challenges. One of the most important of which was tightening expenses, including cost of funds as well as serious work to dispose of non-performing assets and treating bad debts, which are on-going challenges during the coming period. We were also able to enhance our efforts in the small enterprises sector and work towards creating a quantum leap in the business model to enhance our activities in the retail sector with gradual reduction of our concentration in the corporate sector.

Notwithstanding the challenges and circumstances, JKB will continue to carry out its acknowledged role in supporting the economy of Jordan, responding to the government efforts that aim at mitigating the effects of the pandemic on the economic activity and citizens as a result of the prevailing conditions and what may develop in the future and the consequences these effects will bear, which would be difficult to foresee but shall be monitored and dealt with objectively with our known professionalism and prudence.

In conclusion, I am pleased to extend my profound gratitude to my colleagues and fellow members of the Board of Directors for their sincere concern and collaboration, the Bank's customers and shareholders for their confidence and commitment. We also extend our gratitude to H.E. the Governor of the Central Bank of Jordan, his two deputies, and staff, and to H.E. the Chairman and members of Jordan Securities Commission. I further extend my profound gratitude and appreciation to all the management and employees at the Bank for their efforts, sincerity and role in realizing the Bank's objectives, success and prosperity.

We ask God Almighty that next year shall bear benevolence and blessings for all and that normal life shall be restored in our country and around the world soon.

Abdel Karim Kabariti
Chairman

1926

Raghadan Palace

It is the first Hashemite house over the peaks of Amman. The pillars of this construction combined politics, economics, and literature. It is the center of leadership, the address of monarchy, the house of the people, and the home of the nation.

Governance
Report for 2020

Corporate Governance Framework

Jordan Kuwait Bank believes that the existence of good corporate governance leads to good management of the Bank, and helps to achieve the Bank's strategic objectives and safely manage its operations in a manner that safeguards the depositors' interests, and ensures the responsibility towards shareholders and other stakeholders. The Bank bases the management and development of its internal corporate governance according to the legislations of the Companies Law in force, the Corporate Governance instructions issued by the Jordan Securities Commission for the year 2017, and the Corporate Governance instructions for banks No. 63/2016 issued by the Central Bank of Jordan (CBJ), in addition to the provisions and instructions issued by international regulatory authorities pertaining to banking operations and that are in line with the Bank's nature of business and its internal systems.

Jordan Kuwait Bank's Board of Directors affirms its commitment and that of the Bank's executive management and all the employees in implementing the governance instructions. The Bank's adoption of this manual aims to realize the corporate governance principles of fair treatment for all stakeholders; transparency and disclosure of JKB's actual financial and administrative standing; and the relational accountability between the Board of Directors and the executive management, between the Board and shareholders as well as between the Board and various stakeholders. To achieve greater level of disclosure and transparency, the Corporate Governance Manual is annexed to this report and is published on the Bank's website www.jkb.com.

In accordance with the instructions of the Central Bank of Jordan, work has begun on the application of the requirements for the Governance and Management of Information and Technology No. 65/2016 according to COBIT framework.

The Bank's organization and administrative procedures are based on the following principles:

- A board of directors is in place that is effective and responsible.
- A clear strategic direction for business development within clear framework for risk management.
- Sound accounting and information disclosure principles.
- Sound decision making mechanisms.
- Performance evaluation linked to the strategy.
- Human resources development.

Board of Directors (BoD)

The formation of the Board of Directors is governed by the Jordanian Companies Law, the CBJ's Banks Law and Corporate Governance instructions for Banks, and the Governance instructions for listed companies for the year 2017 issued by the Jordan Securities Commission.

The main role of the Board of Directors lies in its responsibility of ensuring the soundness of the Bank's operations including its financial standing, and fulfilling its obligations towards all stakeholders. The Board sets the Bank's strategic objectives that meet the interests of the Bank, shareholders, and customers, and has oversight responsibility over the executive management. It is also accountable for ensuring the effectiveness of internal monitoring and control systems and the extent to which the Bank is abiding by the strategic plans and that written policies covering all of the Bank's activities are endorsed and in place.

The Board of Directors is also responsible for the credibility and accuracy of the Bank's financial reports and the information contained in the Annual Report and ensuring the application of appropriate risks policies as well as compliance with all laws in force.

The current Board of Directors was elected by the General Assembly on May 15, 2017 for tenure of four years. The Board of Directors elected H.E. Mr. Abdel Karim Kabariti as Chairman and Mr. Faisal Hamad Al-Ayyar as Vice-chairman.

Board Members for the Current Tenure

A. Representative Members

No.	Name	Name of Representative	Executive / Non-Executive	Independent / Non Independent
1	Al Rawabi United Holding Co. Chairman	Mr. Abdel Karim A. Kabariti	Non – Executive	Non – Independent
2	Al Rawabi United Holding Co.	Dr. Yousef Musa Goussous	Non – Executive	Non – Independent
3	Kuwait Projects Co. (Holding)	Mr. Masaud Mahmoud Jawhar Hayat	Non – Executive	Non – Independent
4	Social Security Corporation	Mr. Mohammad Adnan AlMadi – until 16/6/2020 Mr. Nidal Faeq. Qubbaj – As of 17/6/2020	Non – Executive	Non – Independent
5	Strategy Co. for Investments	Mr. Mansour Ahmad Lozi	Non – Executive	Non – Independent
6	Odyssey Reinsurance Co.	Mr. Bijan Khosrowshahi	Non – Executive	Non – Independent

B. Members:

No.	Name	Name of Representative	Executive / Non-Executive	Independent / Non Independent
7	Mr. Faisal Hamad Al-Ayyar Vice Chairman	-	Non – Executive	Non – Independent
8	Mr. Tariq Moh'd Abdul Salam	-	Non – Executive	Non – Independent
9	Dr. Marwan Jamil Muasher	-	Non – Executive	Independent
10	Mr. Hani Khalil Hunaidi	-	Non – Executive	Independent
11	Dr. Safwan Samih Toqan	-	Non – Executive	Independent
12	Mr. Majed Fayyad Burjak	-	Non – Executive	Independent
13	Mr. Marwan Mahmoud Awad	-	Non – Executive	Independent

Membership of Board of Directors in Public Shareholding Companies

Name	Board Membership in Public Shareholding Company
Mr. Abdel Karim A. Kabariti	Jordan Dairy Company
Mr. Bijan Khosrowshahi	Arab Orient Insurance Co.
Dr. Marwan Jamil Muasher	Masafat For Specialized Transport Co., Ready Mix Concrete & Constructions Supplies Co. , Premier Business & Projects Co

Executive Management

• **Mr. "Moh'd Yaser" M. Al-Asmar**	General Manager – until 14/11/2020
• **Mr. Tawfiq A. Mukahal**	Deputy General Manager, Head of Banking Group
• **Mr. Haethum S. Buttikhi**	Head of Retail & Private Banking
• **Mr. William J. Dababneh**	Head of Treasury, Investment & Intl. Relations – until 31/8/2020
• **Mrs. Hiyam S. Habash**	Head of Finance – until 30/6/2020
• **Mr. Ibrahim E. Kashet**	Head of Legal Affairs
• **Mr. Zuhdi B. Al-Jayousi**	Head of Corporate Business – As of 9/7/2020 Head of Corporate Credit – Until 8/7/2020
• **Dr. Makram A. Qutob**	Head of Corporate Credit As of 17/8/2020 Co-Head, Corporate Credit- Until 16/8/2020
• **Mr. Ibrahim F. Bisha**	Head of Treasury, Investment & Intl. Relations – As of 1/9/2020 Co-Head of Treasury, Investment & Intl. Relations –Until 31/8/2020
• **Mr. Abdallah I. Mismar**	Head of Administrative Affairs Dept.
• **Mr. Daoud A. Issa**	Head of Human Resources Dept.
• **Mr. Ibrahim F. Taani**	Head of Finance – As of 17/8/2020 Head of Internal Audit Dept. – Until 16/8/2020
• **Mr. Fadi M. Ayyad**	Head of Compliance
• **Mr. Maher M. Abu Sa'adeh**	Head of Information Technology
• **Mr. Ayman D. Al Kurdi**	Head of Operations – As of 1/6/2020
• **Mr. Mahmoud I. Al Ahmar**	Head of Risk – As of 1/6/2020
• **Mr. Yousef W. Hassan**	Head of Internal Audit – As of 17/8/2020

Members of Executive Management who's services ended during 2020:

- Mr. "Moh'd Yaser" M. Al-Asmar, General Manager, as of 15/11/2020
- Mr. William J. Dababneh, Head of Treasury, Investment & Intl. Relations, as of 1/9/2020
- Mrs. Hiyam S. Habash. Head of Finance, as of 1/7/2020

Board Committees

In the aim of organizing the Board of Directors' work and to increase its efficiency and effectiveness, the Board of Directors forms different committees from its members that are delegated with authorities and responsibilities to be in line with the Bank's strategies and goals. The committees' composition, duties and responsibilities have been detailed in the Corporate Governance Manual which is published on the Bank's website and annexed to the Annual Report.

1. Board Corporate Governance Committee (BCGC) (Governance Committee)

The committee oversees the development of the Corporate Governance Manual, updating it, and monitors its implementation. It ensures that the Bank's organizational structure meets the corporate governance requirements. It also adopts general policies, and raises them to the Board of Directors for approval and supervises their implementation and ensures ccommitment to the adopted JKB Code of Ethics at the level of BoD and all administrative levels in the Bank. In addition to any other duties included in the Governance instructions for listed companies for the year 2017.

Board Corporate Governance Committee Members

- Dr. Marwan J. Muasher, Committee Chair (Independent)
- Mr. Abdel Karim A. Kabariti (Non- Independent)
- Mr. Marwan M. Awad (Independent)
- Mr. Tareq M. Abdul Salam (Non- Independent)
- Mr. Hani K. Hunaidi (Independent)

2. Board Risk Committee (BRC)

The committee's role is to review the Risk Management's framework and strategy of Risk Management; create suitable work environment that helps in identifying and managing risks with significant impact; and stay abreast with the developments that affect the Bank's operations. The committee reviews reports submitted by the Risk Management Department and submits relevant recommendations to the Board of Directors, illustrating the Bank's commitment to the acceptable risk appetite level. In addition to any other duties included in the Governance instructions for listed companies for the year 2017.

Board Risk Committee Members

- Mr. Marwan M. Awad, Committee Chair (Independent)
- Dr. Safwan S. Toqan (Independent)
- Mr. Mansour A. Lozi (Non- Independent)
- Mr. Nidal F. Qubbaj (Non- Independent)

3. Board Compliance Committee (BCC)

The committee's role is to adopt the organizational structure of the Compliance Control Department and ensuring its independence, ensure that an annual non-compliance risk management plan is in place, assess the degree of effectiveness with which the Bank manages the risk of non-compliance at least once a year and review it should amendments have been made. In addition to any other duties included in the Governance instructions for listed companies for the year 2017.

Board Compliance Committee Members

- Mr. Mansour A. Louzi, Committee Chair (Non- Independent)
- Dr. Safwan S. Toqan (Independent)
- Mr. Hani K. Hunaidi (Independent)*
- Mr. Marwan M. Awad (Independent)
- Mr. Nidal F. Qubbaj (Non- Independent)

*Mr. Hani Khalil Hunaidi is the Board member responsible for the AML/CFT compliance with the Central Bank of Cyprus.

4. Board Audit Committee (BAC)

The committee shall review and ratify the internal audit plan which includes audit scope and frequency. Review internal audit reports and the reports and observations of regulatory bodies and the external auditor and ensure that the executive management takes the corrective measures. The committee also reviews the Bank's financial statements prior to submission to the Board of Directors and ensures that the Bank has properly observed and complied with international accounting and audit standards. In addition to any other duties included in the Governance instructions for listed companies for the year 2017.

The Board Audit Committee held six meetings during 2020 and met with the External Auditor three times.

Board Audit Committee Members

- **Mr. Hani K. Hunaidi, Committee Chair (Independent)**

  Education: Master of Business Administration (MBA), Portland State University –USA, 1980 and Bachelor of Business Administration, American University of Beirut. 1973, Certified Public Accountant (CPA).

  Current Position:

  - Chairman of the Board of Trustees, Mediterranean Industries
  - Chairman of the Board of Trustees, Mediterranean Energy Co.

  Previous Positions:

  - Chairman, National Ammonia and Chemical Industries (1991- 2009)
  - Managing Director, Jordan Kuwait Company for Agriculture and Food Products (1986-1992)
  - Project General Manager, Jordan Management and Consultancy Corp. (1984-1986)
  - Financial and Administrative Manager, Jordan Securities Corp. (1982-1984)
  - Auditor, Touch Ross & Co. (1980-1982)
  - Project Senior Accountant, Consolidated Contractor Company (1976-1978)
  - Accountant, Safwan Trading & Contracting Co. Kuwait (1973-1974)

- **Mr. Nidal F. Qubbaj (Non- Independent)**

  Education: Bachelor degree in Accounting, Jordan University, 2001, Master Business Administration / Accounting, Jordan University, 2006.

  Current Position:

  - Risk Management & Strategic Planning Manager, Social Security Investment Fund

Previous Positions:

- Head of Investment Risk Division, Social Security Investment Fund (2009-2012)
- Acting Head of Operation Risk Function, Social Security Investment Fund (2011-2012)
- Senior Risk Analyst, Social Security Investment Fund (2006-2009)
- Financial Accountant, Social Security Investment Fund (2004-2005)
- Accountant, Arab Bank (2001-2003)

- **Dr. Safwan S. Toqan (Independent)**

  Education: Bachelor degree in Business Administration, American University - Beirut, 1966, Master degree in Economics, University of South California – USA, 1976, PhD in Economics, University of South California –USA, 1980.

  Previous Positions:

  - Member of the 26th Jordanian Senate
  - Chairman, Amman Stock Exchange (2012-2013)
  - Chairman, Jordan Phosphate Mines Company (2000 – 2004)
  - General Manager, Social Security Corporation (1994 – 1999)
  - Secretary General, Ministry of Planning (1989 – 1994)
  - Assistant Professor, Yarmouk University (1981 – 1989)
  - Lecturer, University of South California – USA (1975 – 1980)
  - Central Bank of Jordan (1966 – 1975)

5. Board Nominations & Remuneration Committee (BNRC)

The Committee shall identify eligible persons for board membership and determine members' "independency", provide recommendations to the Board for the appointment of qualified executive management members, implement a formal performance assessment policy for the Board of Directors and executive management and ensure that the Bank has a remuneration policy in place. In addition to any other duties included in the Governance instructions for listed companies for the year 2017.

Board Nominations & Remuneration Committee Members

- Dr. Safwan S. Toqan, Committee Chair (Independent)
- Mr. Masaud M. Hayat (Non – Independent)
- Dr. Marwan J. Muasher (Independent)
- Mr. Majed F. Burjak (Independent)

6. Board Credit Committee (BCrC)

The Committee's Role includes:

1. Grant, modify, renew and restructure of credit facilities that exceed the authorities of the Management Credit Committee, headed by the General Manager, within the limits set by the Board of Directors. The Board of Directors shall take the decisions in matters exceeding the Committee's authorities.
2. The Committee's authority is limited to taking the right decision regarding the facilities that have been recommended for approval by the Management Credit Committee.

The Board of Directors may delegate to the Management Credit Committee some or all of this Committee's authorities; in respect of modifying the terms or restructuring of facilities.

Board Credit Committee Members

- Mr. Abdel Karim A. Kabariti, Committee Chair (Non – Independent)
- Dr. Yousef M. Goussous (Non – Independent)
- Mr. Mansour A. Lozi (Non – Independent)
- Mr. Masaud M. Hayat (Non – Independent)
- Mr. Majed F. Burjak (Independent)

7. Board Management and Investment Committee (BMIC)

The Committee reviews and takes appropriate decisions on:

First: Management issues:

1. Administrative expenses, procurement contracts, bids, supplies, donations, and generally all commitments and contracts in excess of the powers entrusted to the senior executive management as identified within the Authority matrix and powers endorsed by the Board of Directors, and take the managerial and financial decisions in their regard.
2. Approve requests/offers for the sale of Bank owned properties beyond the limits entrusted to the Senior Executive Management as stipulated in the approved Authority matrix.
3. Approve Bank owned real estates' pricing annually or when required.

Second: Investment issues:

Take decisions concerning proposals and requests submitted by the Management Investment Committee on matters beyond its authority as stipulated in the approved authority matrix annexed to the approved investment policy. This includes the following:

- Bank investments in Jordanian Dinar in money market and capital market instruments.
- The Bank's investments in foreign currencies in money market, capital market tools and currency exchange operations.

The Board of Directors shall decide on any of the items listed above if they exceed the authority of the Committee.

Management and Investment Committee Members

- Mr. Abdel Karim A. Kabariti, Committee Chair (Non – Independent)
- Dr. Yousef M. Goussous (Non – Independent)
- Mr. Mansour A. Lozi (Non – Independent)
- Mr. Masaud M. Hayat (Non – Independent)
- Mr. Majed F. Burjak (Independent)

8. Board Information Technology Governance Committee (BITGC)

The Committee is responsible for approving the Information Technology strategic objectives and appropriate organizational structures, including Steering Committees at Executive Management Level, to ensure the achievement of the Bank's strategic objectives, and realizing the best value-added of IT projects and investments resources while utilizing the tools and standards to monitor and ascertain the extent of achievement. The Committee shall oversee and be apprised of the progress of IT operations, resources and projects to ensure its adequacy and its effective contribution in achieving the Bank's business requirements.

Information Technology Governance Committee Members (BITGC)

- Mr. Majed F. Burjak, Committee Chair (Independent)
- Dr. Marwan J. Muasher (Independent)
- Mr. Hani K. Hunaidi (Independent)
- Mr. Nidal F. Qubbaj (Non- Independent)

Board Members' Remuneration

Every Board member receives the sum of JD5,000 (USD7,052) per year as Board membership allowance, in addition to allowances in lieu of travel, transportation and Board committees' membership.

Board and Committee Meetings during 2020*

The following table shows the number of Board meetings and Board committees' meetings, and the number of meetings attended by each member during the year 2020, noting that Board of Director Members attended the General Assembly of Shareholders that was held on 4/5/2020.

Total number of meetings held during the year 2020	BOD	BCGC	BRC	BCC	BAC	BNRC	BITGC	BCrC	BMIC
	6	2	4	4	6	3	3	40	29
Board members	Number of meetings attended								
Mr. Abdel Karim A. Kabariti / Chairman	6	2						40	29
Mr. Faisal H. Al Ayyar / Vice Chairman	6								
Mr. Masaud Jawhar Hayat	6					1		40	29
Mr. Tariq M. Abdul Salam	6	1							
Mr. Mohammad A. AlMadi, Rep.: Social Security Corporation – Jordan, until 166/	3		1	1	2		1		
Mr. Nidal F. Qubbaj, Rep.: Social Security Corporation – Jordan, as of 176/	3		3	3	4		2		
Dr. Yousef M. Goussous	6							40	29
Mr. Mansour A. Louzi	6		4	4				40	29
Mr. Bijan Khosrowshahi	6								
Dr. Marwan J. Muasher	6	2				3	2		
Mr. Hani K. Hunaidi	6	2		4	6		3		
Mr. Majed F. Burjak	6					3	3	40	29
Dr. Safwan S. Toqan	6		4	3	6	3			
Mr. Marwan M. Awad	6	2	4	4					

* video and electronic communication tools were adopted to hold the General Assembly Meeting, board and committee meetings as of 21/3/2020 in accordance to the government's directives in light of the COVID pandemic.

JSC Governance Officer

Mr. Suhail Moh'd Turki / Board Secretary

Abdel Karim Kabariti

Chairman

1946

The independence of Jordan

On May 25, 1946, Jordan was recognized as an independent and sovereign kingdom after the end of the British mandate by the United Nations, and King Abdullah I was declared its king.

Remuneration and Rewards Policy

JKB has a comprehensive remuneration and rewards policy that closely integrates with the approved performance evaluation policies. Staff annual raises and rewards are based on achievement that meets the Bank's interests and its sustainable progress in all areas. The policy also assures the independence of control units in such a way that staff salaries and rewards are not determined by the Bank's profit levels.

The remuneration and rewards policy sets the basis for annual salary raises, effect of promotion on salary, types and conditions of allowances paid to employees, and the structure of the salary scale and its review process, for the purposes of maintaining a competitive and fair work environment.

The salaries, transportation allowance and other expenses paid to the Bank's executives during the year 2020 were declared in the disclosure statement as required by article (4) of the disclosure regulations issued by the Jordan Securities Commission, and in the notes to the consolidated financial statements included in this report.

Control Environment

Internal Controls

JKB's Board of Directors and executive management are responsible for developing and maintaining the existence of internal control systems and procedures that are capable of ensuring the achievement of the following:

- Accuracy and integrity of financial and operational statements issued by the Bank.
- Effectiveness and efficiency of the Bank's operational activities.
- Effectiveness of measures and procedures set to safeguard the Bank's assets and properties.
- Compatibility with policies pertinent to internal operational procedures as well as laws, legislations and regulations in force.

The Bank believes in the importance of an effective internal monitoring and control system given that it is one of the key elements of sound management and the basis for safeguarding the safety and quality of the Bank's transactions. Hence the Bank has adopted a number of internal monitoring and control systems which their development, implementation, follow-up and update are the responsibility of the executive management. JKB's management continuously monitors and assesses the efficiency and effectiveness of these systems and their ability to achieve desired objectives. It also oversees their continuous development and enhancement.

In this context, the Board of Directors adopts internal monitoring and control policies that cover all aspects pertinent to internal control systems in terms of definition, components, implementation and the responsibility of the Board of Directors and the Executive Management towards them.

Internal Audit

The philosophy of Internal Audit (IA) was based on its task to provide independent and objective assurance and consulting services to the Bank. IA objectives were designed to add value and improve the Bank's operations and help the management to accomplish its objectives by applying a systematic and disciplined approach to assess and improve the effectiveness of risk management, internal controls, and governance.

The Internal Audit Department is administratively subordinated to the Board Audit Committee (BAC). It reports to the BAC on the results of audit engagements.

The Internal Audit Charter was established according to best international standards for the professional practice of internal auditing and it defined the following:

- IA activity is independent and has no executive tasks.

- IA activity has direct authorized / unrestricted access to the Bank's and subsidiaries' records, personnel and physical properties relevant to the performance of engagements assigned to it.
- IA activity shall be provided with appropriate and sufficient number of competent resources (academically & professionally qualified staff) in addition to training courses both locally and abroad.
- IA activity provides reasonable assurance regarding the efficiency and effectiveness of the Bank's Internal Control Systems (ICS) and its ability to achieve the following objectives:
  - Reliability and integrity of financial and operational information.
  - Efficiency of operations.
  - Compliance with laws and regulations in force.
  - Safeguarding of the Bank's assets and properties.
  - Business continuity under all circumstances.
  - Improve and develop ICS, risk management, and governance processes.
  - Improve and develop operations (processes) and products to achieve the Bank's objectives.

A code of business conduct for Internal Audit staff members was prepared according to best international practice. The code emphasizes the principles of integrity, objectivity, confidentiality and efficiency that an auditor must have.

The scope of IA activity covers all the Bank's auditable business centers, activities and operations, including branches abroad and subsidiaries, and any outsourced activities if necessary, in a way that enables the management to assess the adequacy and effectiveness of ICS, risk management and governance processes, and achieve all engagements and responsibilities assigned to it. The IA also performs many other tasks the most significant of which are:

- Conduct accepted periodical engagements (assurance reviews) as per approved risk based audit plan prioritization on the approved internal audit strategic plan by BAC.
- Conduct any special review or consulting engagements based on the directives of the Chairman, BAC, the executive management, the Head of Internal Audit, or the monitoring bodies, according to best international standards for the professional practice of internal auditing.

The quality assurance concept was introduced to provide all stakeholders with reasonable assurance about audit function in term of conformance with the common international standards at both local and international levels.

Risk Management Function

Various risks to which the Bank may be exposed to, are managed by an independent risk management department that reports directly to the Board Risk Committee.

The Risk Management Function at the Bank is based on three main pillars as follows:

- Full understanding and awareness by the Board of Directors, top executive management, and the Bank's employees of the types of potential risks in the Bank's operations.
- Availability of appropriate strategy, policies, and procedures to manage risk, which reveal the magnitude of risk that the Bank can address, in a manner that ensures financial strength.
- Availability of systems that help in managing various forms of risks that the Bank may face.

The Risk Management Department's objectives are as follows:

- Achieve financial strength, which reflects positively on the Bank's credit rating.
- Transparently highlight risks and ensure their clarity and understanding.

- Set recommendations required to identify the size and type of the main acceptable risks by the Board of Directors, assuring that current risks are compatible with those that have been planned for.
- The Bank's compatibility with the Basel accords and all legislations that govern and regulate risk management in banks.

The process of identifying, evaluating and managing risks is considered a joint responsibility, starting with each of the Bank's units, which are considered the first line of defense. Risk Management, considered the second line of defense, which evaluates and monitors risks and recommends ways of controlling and mitigating them, submitting the necessary reports to the Board Risk Committee, followed by the role of internal audit, which is considered the third line of defense.

In turn, the Risk Management Department is responsible for its above mentioned role within a documented organizational structure approved by the Board Risk Committee regarding credit, market, operational risk, information security, business continuity and liquidity (within the assets and liabilities framework) and conformity to the Basel accords. Furthermore, the Risk Management is represented in different committees that manage the Bank's operations for issues related to the risk management.

The functions of the Risk Management Department are summarized as follows:

- Review of the risk management framework at the Bank prior to the Board's approval.
- Implement the risk management strategy in addition to developing policies and procedures for managing all types of risks.
- Develop methodologies to identify, measure, and control all types of risks.
- Submit reports to the Board through the Risk Committee, with a copy to the top management, including information about the actual risk profile for all the Bank's activities, compared to the risk appetite document, and follow up on addressing deviations.
- Verify the integration of risk measurement mechanisms with management information systems in use.
- Study and analyze all types of risks that may face the Bank.
- Submit recommendations to the Board Risk Committee about the Bank's exposure to risks, recording exceptional cases against the risk management policy.
- Provide the necessary information regarding the Bank's risks for disclosure purposes.
- The Risk Management Department conducts awareness programs to the Bank's employees about risk management concept.
- Assess the Bank's capital adequacy, along with the Bank's risks and stress testing, as part of the internal capital adequacy assessment process, and submitting it to the Board Risk Committee, to be approved by the Board of Directors.

Compliance Control Function

The Compliance Department aims to protect the Bank from the risks of legal or regulatory penalties, financial losses or reputational risks that it may be exposed to as a result of non-compliance with all applicable laws, regulations and instructions issued by the competent local and international regulatory authorities. In that context the Compliance department undertakes the following:

- Manages Compliance functions independently, by submitting periodical reports to the Board Compliance Committee. The Compliance Department's scope of work covers all of the Bank's departments and branches in Jordan and abroad as well as its subsidiaries.
- Issues the compliance and other related policies that is approved by the BoD to monitor the Bank's overall compliance with the laws, regulations, and instructions issued by the regulatory authorities, best practices and industry standards, and that is reviewed and updated periodically.

- Monitors non-compliance risks through a database containing all the laws and regulations issued by domestic and international regulatory authorities that is constantly updated with the latest regulatory and legislative enactments that are binding to the Bank.
- Provides advice and consultation to al business centers and subsidiary companies regarding the legislations and regulations issued by the regulatory authorities.
- Monitors non-compliance risks through conducting periodic tests and assessments at all business centers to ensure their compliance with legislations and regulations issued by the regulatory authorities
- Fulfills regulatory authorities' requirements through timely provision of periodic information and reports, respond to inquiries, continuous update of international sanctions lists, report suspicious financial activities, in addition to meeting the requirements of correspondent banks.
- Ensures that no banking relationships are entered into with persons or entities listed on international sanctions lists, or that any financials transactions are passed on to them.
- Ensures Compliance to the requirements of the Foreign Accounts Tax Compliance Act.
- Using automated systems to combat money laundering and terrorism financing, and adopts the risk-based approach in classifying the clients.
- Establishes principles to prevent bribery and corruption and maintains the highest level of ethical standards.
- Receives process and analyzes complaints from customers, and takes the necessary measures that prevent their reoccurrence.
- Enhance the compliance culture among the Bank's staff through workshops and training sessions in addition to periodic educational materials and bulletins.

Code of Conduct

The Bank adopted a code of conduct that was endorsed by the Board of Directors. JKB employees across the various administrative levels as well as the Board of Directors have pledged to commit to it.

The Code defined the ethics, values and principles of the Bank employees in four main areas which are: integrity, compliance with laws, transparency and loyalty to the Bank.

Whistle Blowing Policy

JKB maintains a policy and procedures pertinent to whistle blowing. The policy aims to promote a culture of openness and to demonstrate the shared responsibility of preserving work ethics. Procedures that deal with this policy were distributed among all Bank employees to follow. The procedures clarify accountability lines for reporting issues related to unusual and/or suspected behavior that must be reported. Monitoring of Whistle Blowing Policy Implementation is carried out by the Board Audit Committee.

Customer Complaints Processing Unit

In compliance with the Central Bank of Jordan's instructions to deal with customers fairly and transparently No.(1/2017), the Customer Complaints Processing Unit within the Compliance Department receives and deals directly with customer complaints submitted through all available channels, including telephone calls, email messages, traditional mail, and complaints boxes at the branches. All complaints received are addressed and responded to in writing or verbally, noting that the Unit dealt with 176 complaints during the year 2020. Instructions are also sent to employees regarding these complaints, clarifying work procedures to some staff members wherever required. The Customer Complaints Processing Unit submits periodical reports to the Bank's top management, including a description of complaints received and how they were handled and solved. The unit also submits periodical reports to CBJ.

Relation with Shareholders

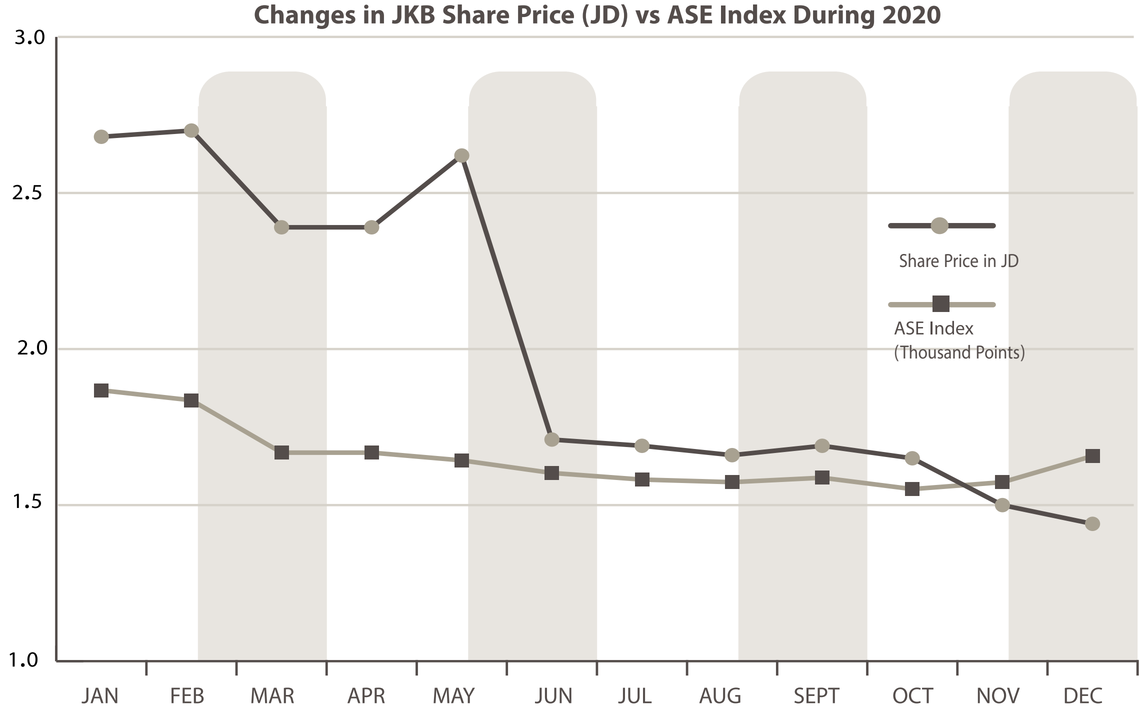
The Bank develops positive relations, based on transparency, with all its shareholders. In this regard, the Bank spares no effort to encourage all shareholders, particularly minority shareholders, to attend the General Assembly meetings and cast their votes. The Bank has a wide shareholder base of 12,382 as of 31/12/2020. The main source of information for shareholders is the Annual Report which includes the Chairman's report, the audited consolidated financial statements, the corporate governance manual, and Bank's achievements for the previous year and the business plan for the following year. Additionally, the reviewed (un-audited) quarterly and semi-annual financial statements are disclosed.

The complete financial statements and the Board of Directors' report are filed at the Jordan Securities Commission (JSC) and the Amman Stock Exchange, with a copy submitted to the Companies Controller. These reports are published on JKB's website **(www.jkb.com)** which also provides extensive information about JKB services, products, news and press releases. The Bank is committed to disclose any material information, should it occur, in accordance with the JSC instructions.

Shares / Ownership Classification as of 31/12/2020

Number of Shares Held	Shareholders		Shares	
	No.	%	No.	%
Up to 500	7,359	59.433	1,365,820	0.910
501 – 1,000	2,895	23.381	2,000,033	1.333
1,001 – 5,000	1,598	12.906	3,371,403	2.248
5,001 – 10,000	210	1.696	1,522,124	1.015
10,001- 100,000	268	2.164	7,326,216	4.884
100,001 - 500,000	42	0.339	8,132,502	5.422
500,001 and more	10	0.081	126,281,902	84.188
Total	**12,382**	**100**	**150,000,000**	**100**

Changes in JKB Share Price (JD) vs ASE Index During 2020



50% bonus shares were distributed to the shareholders on 11/6/2020

1949

First Jordanian Dinar

The one Jordanian dinar currency, green in color, was issued in 1949, on its front side is the image of His Majesty King Abdullah I bin Al-Hussein, and on the back of it is the Oval Plaza in Jerash

2021
Business Plan

As a consummation of the Bank's achievements during 2020, the 2021 business plan shall focus on the following:

1) Developing human resources
   - Create a modern work environment that raises productivity and efficiency, improve the relationship between management and employees, stimulates an environment of excellence, promotes fair competition, and increase employee loyalty. Continue to keep pace with the technological development in human resources management, attract qualified talent, and develop employees' skills and qualifications to keep pace with the latest technological and banking developments.
2) Technological advancements and digital transformation
   - Complete the data center refurbishment project that aims to provide the highest level of availability and ensures the implementation of business continuity plans, support the application of new systems to complete the Bank's digital transformation including process automation, Middleware, Robotics and cloud computing.
   - Expand the use of different technologies across the bank's business, retail and corporate products, and services including launching voice activated banking, contactless cards and ATMs, and issue the first Biometric card in the Kingdom to our affluent customers, and cash management system.
3) Business development (products and services)
   - Review and remedy the credit portfolio and reduce concentration of corporate facilities, all the while remaining committed to continue to support customers in light of the prevailing circumstances and challenges as a result of the pandemic.
   - Growth in SME and solar energy projects financing, adherence to the Central Bank's instructions regarding deferring loan payments for clients affected by the pandemic, and cooperate with other financial institutions, including DFIs, to benefit from any financing programs for such customers to develop and diversify the credit portfolio at lower costs.
   - Expand the business of the private banking department and attract new clients who have deposit accounts with the bank and are looking to diversify their investments.
4) Risk management and Cybersecrity
   - Enhance risk management activities, provide programs to assess credit risks, assess and calculate capital adequacy, cybersecurity and card protection, as well as programs to enable remote work in compliance with preventive measures and social distancing.
5) Social responsibility
   - Support initiatives that aim at empowering individuals and the local community and achieve sustainable development goals, in line with the bank's social responsibility strategy.

Consolidated Financial Statments

For The Year Ended December 31,2020

Together With Independet Auditor´s Report

Independent auditor’s report
To the shareholders of Jordan Kuwait Bank - Public Shareholding Company
Amman- the Hashemite Kingdom of Jordan

Report on the Audit of the Consolidated Financial Statements

Our opinion

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

What we have audited

The Group’s consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2020;
- the consolidated statement of income for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Overview

Key Audit Matter	• Measurement of Expected Credit Losses • Assets seized by the bank against debts

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We have designed the scope of the audit to perform sufficient procedures that enable us to express an opinion on the consolidated financial statements as a whole, taking into account the Groups structure, accounting processes, controls and business segments.

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 period. 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.

Key audit matter	How our audit addressed the key audit matter
Measurement of Expected Credit Losses	
The Group applies the Expected Credit Loss model (ECL) on all its financial instruments measured at amortised cost, debt instruments measured at fair value through other comprehensive income and financial guarantee contracts including financing commitments in accordance with International Financial Reporting Standards as amended by the Central Bank of Jordan instructions. The Group exercises significant judgement and makes a number of assumptions in developing its ECL models, which includes probability of default computation separately for retail and corporate portfolios, determining loss given default and exposure at default for both funded and unfunded exposures, forward looking adjustments and staging criteria.	We performed the following audit procedures on the computation of the ECL included in the Group's consolidated financial statements for the year ended 31 December 2020: ➢ We assessed and tested the design and operating effectiveness of the controls over the calculation of the excepted credit losses model. ➢ We tested the completeness and accuracy of the data used in the calculation of ECL. ➢ For a sample of exposures, we checked the appropriateness of the Group's application of the staging criteria.

Key audit matter (continued)

For defaulted exposures, the Group exercises judgements to estimate the expected future cash flows related to individual exposures, including the value of collateral.

The Group's impairment policy under IFRS 9 as amended by the Central Bank of Jordan Instructions is presented in Note (3) to the consolidated financial statements.

Measurement of ECL is considered as a key audit matter as the Group applies significant judgments and makes a number of assumptions in the staging criteria applied to the financial instruments as well as in developing ECL models for calculating its impairment provisions.

➢ We involved our internal specialists to assess the following areas:

- Conceptual framework used for developing the Group's impairment policy in the context of its compliance with the requirements of IFRS 9 as amended by the Central Bank of Jordan instructions.
- ECL modelling methodology and calculations used to compute the probability of default (PD), loss given default (LGD), and exposure at default (EAD) for the Group's classes of financial instruments.
- Reasonableness of the assumptions made in developing the modelling framework including assumptions used for estimating forward looking scenarios and significant increase in credit risk.
- Recalculation of the expected credit losses for a sample of the impaired financial assets at each stage.
- Evaluating the impact of COVID 19 on expected credit losses model in relation to the future economic outlook, macroeconomic data, the probability of default, and the losses resulting from default and its associated weights.

➢ In addition, for the Stage 3 corporate portfolio, the appropriateness of provisioning assumptions were independently assessed for a sample of exposures selected on the basis of risk and the significance of individual exposures. An independent view was formed on the levels of provisions recognised, based on the detailed loan and counterparty information available in the credit file. For the Stage 3 retail portfolio, assumptions were independently assessed for each product category and an independent view was formed on the levels of provisions recognised at each category level.

➢ We recalculated the provision for non-performing loans in accordance with the Central Bank of Jordan Instructions Number (47/2009).

	➢ We compared the expected credit loss calculated in accordance with IFRS 9 as amended by the Central Bank of Jordan Instructions with the provision for expected credit losses calculated in accordance with the instructions of the Central Bank of Jordan No. (47/2009) and ensured that the Group has recorded whichever is higher. ➢ We assessed the consolidated financial statement disclosures to ensure compliance with IFRS 7 and IFRS 9 as amended by the Central Bank of Jordan Instructions. We have also ensured completeness and accuracy of the disclosures by verifying the information to accounting records.

Key audit matter	How our audit addressed the key audit matter
Seized Assets by the Bank against Debts Assets seized by the bank are measured at acquisition value or fair value, whichever is lower. As of the consolidated statement of financial position date, these assets are revalued individually at fair value based on approved bases and methods according to the requirements of the international Financial Reporting Standards as amended by the Central Bank of Jordan instructions. Any related Impairment in their value is recorded based on recent real estate evaluations and approved by certified real estate appraisers. Due to the importance of these estimates and assumptions adopted in estimating the fair value, they are considered as significant risks that could cause a material misstatement in the consolidated financial statements that may arise from the inaccuracy of the estimates used to determine the fair value and any impairment losses As disclosed in Note (14) to the consolidated financial statements, the seized assets held by the Bank against debts amounted to JD 133,538,182 as of 31 December 2020.	We have performed the following procedures to assess the reasonableness of the management's estimates of the fair value and any impairment:: ➢ Evaluated management's methodology in estimating the fair value of seized assets against debts. ➢ Reviewed reports of independent real estate appraisers assigned by the management to value those assets. ➢ Evaluate the independence and competence of the appraisers assigned by the bank's management. ➢ Comparing the actual selling prices with the carrying book value of the properties as of 31 December 2020. ➢ Assessed the adequacy of the disclosure about the assets seized by the bank against debts in Note (14).

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Independent auditor's report to the shareholders of Jordan Kuwait Bank (continued)

Other information

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

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

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

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

Responsibilities of management and those charged with governance for the consolidated financial statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as modified by the Central Bank of Jordan instructions. and with other identified applicable laws in the Hashemite Kingdom of Jordan, and for such internal control as management determines is 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 consolidated financial reporting process.

Independent auditor's report to the shareholders of Jordan Kuwait Bank (continued)

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the 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 appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

Independent auditor's report to the shareholders of Jordan Kuwait Bank (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 accounting records that are in agreement with the accompanying consolidated financial statements. We recommend that the General assembly of the Shareholders approve these consolidated financial statements.

For and on behalf of PricewaterhouseCoopers "Jordan"

Hazem Sababa
License No. (802)

Amman, Jordan
15 February 2021

Consolidated statement of financial position

As at 31 December 2020

	Note	2020	2019
Assets		JD	JD
Cash and balances with Central Banks	4	361,869,605	402,004,690
Balances at banks and financial institutions	5	136,758,518	134,085,678
Deposits at banks and financial institutions	6	-	217,231
Loan with a repurchase option at fair value	7	10,000,000	-
Direct credit facilities, net	8	1,556,512,833	1,573,776,716
Financial assets at fair value through other comprehensive income	9	85,867,274	96,124,306
Financial assets at amortised cost	10	402,110,610	308,656,110
Property and equipment, net	11	28,527,698	26,711,598
Intangible assets, net	12	1,964,717	1,357,766
Deferred tax assets	21	36,718,616	31,137,943
Other assets	14	170,574,955	163,332,131
Right of use of leased assets	13	13,347,577	14,278,048
Assets held for sale, net	47	5,642,817	4,318,694
Total assets		**2,809,895,220**	**2,756,000,911**
Liabilities and shareholders' equity			
Liabilities			
Bank and financial institutions deposits	15	173,687,677	141,237,514
Customers' deposits	16	1,877,550,483	1,866,092,506
Cash margins	17	73,895,317	82,178,622
Borrowed funds	18	128,255,444	102,207,464
other provisions	19	14,303,613	12,408,652
Bonds	20	11,000,000	0
Income tax provision	21	2,176,841	14,760,848
Deferred tax liabilities	21	2,555,136	3,489,800
Other liabilities	22	56,119,661	59,542,151
Lease liabilities	13	12,389,957	13,245,180
Liabilities directly associated with assets held for sale	47	1,529,164	1,305,735
Total liabilities		**2,353,463,293**	**2,296,468,472**
Equity			
Bank's shareholders' equity			
Paid-in capital	23	150,000,000	100,000,000
Statutory reserve	24	96,043,640	96,043,640
Voluntary reserve	24	131,023,362	181,023,362
Financial assets revaluation reserve	25	4,571,425	2,296,466
Remeasurement of post-employment benefits	19	(565,736)	-
Equity directly associated with assets held for sale	48	(22,185)	(17,829)
Retained earnings	26	75,381,421	80,186,800
Total equity		**456,431,927**	**459,532,439**
Total liabilities and equity		**2,809,895,220**	**2,756,000,911**

The accompanying notes from 1 to 47 form an integral part of these consolidated financial statements and shall be read with them.

Consolidated statement of income

As at 31 December 2020

	Note	2020	2019
		JD	JD
Interest income	28	135,508,453	152,213,724
Less: Interest expense	29	50,697,008	62,373,111
Net interest income		**84,811,445**	**89,840,613**
Commission income	30	8,430,916	11,035,726
Net interest and commission income		**93,242,361**	**100,876,339**
Foreign currency exchange gain	31	2,940,750	3,345,425
(Loss) gain from sale of financial assets at fair value through other comprehensive income	9	(407,041)	91,329
Cash dividends from financial assets at fair value through other comprehensive income	9	2,768,310	1,878,337
Other income	32	9,671,804	15,879,869
Total income		**108,216,184**	**122,071,299**
Employees' expenses	33	28,868,000	27,602,284
Depreciation and amortisation	11/12	4,715,649	6,573,308
Expected credit losses- direct credit facilities	8	38,986,214	13,973,096
Expected credit losses- indirect credit facilities	22	1,485,714	290,843
Expected credit losses(reversal) – bank deposits	4/5/6	5,966,519	(31,663)
Expected credit losses(reversal) - investments	9/10	5,783,115	(391,011)
Other provisions	19	2,085,019	3,875,582
Other expenses	34	25,904,705	23,415,017
Total expenses		**113,794,935**	**75,307,456**
(Loss) profit for the year before income tax		**(5,578,751)**	**46,763,842**
Less: (surplus) Income tax expense for the year	21	(1,606,291)	16,862,434
(Loss) profit for the year from continued operations		(3,972,460)	29,901,408
(Loss) profit from discontinued operations	47	(538,815)	36,211
(Loss) profit for the year		**(4,511,275)**	**29,937,619**
(Losses) earnings per share for the year			
Basic and diluted	35	(0,030)	0,200
(Losses) earnings per share from continued operations for the year			
Basic and diluted	35	(0,026)	0,199
(Losses) earnings per share from discontinued operations for the year			
Basic and diluted	35	(0,004)	0,001

The accompanying notes from 1 to 47 form an integral part of these consolidated financial statements and shall be read with them.

Consolidated statement of comprehensive income

As at 31 December 2020

	2020	2019
	JD	JD
(Loss) profit for the year	(4,511,275)	29,937,619
Other comprehensive income items		
Items that may be reclassified to the consolidated statement of income – net of tax:		
Net change in financial assets valuation reserve - debt instruments	542,652	3,634,817
Items that will not be reclassified to the consolidated statement of income- net of tax:		
Net change in financial assets valuation reserve - equity instruments	1,735,266	398,194
Remeasurement of post-employment benefits	(565,736)	-
Total comprehensive (loss) income for the year	**(2,799,093)**	**33,970,630**
Total comprehensive (loss) income attributable to:		
Shareholders	(2,799,093)	33,970,630

إن الايضاحات المرفقة من 1-47 تشكل جزءا من هذه القوائم المالية الموحدة وتقرأ معها.

Consolidated statement of changes in equity

As at 31 December 2020

		Reserves		Financial assets revaluation reserve	Remeasurement of post-employment benefits	Equity directly associated with assets held for sale	Retained earning	Total equity
	Paid in capital	Statutory	Voluntary					
31 December 2020	JD	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	100,000,000	96,043,640	181,023,362	2,296,466	-	(17,829)	80,186,800	459,532,439
(Loss) for the year	-	-	-	-	-	-	(4,511,275)	(4,511,275)
Net change in financial assets revaluation reserve - net of tax	-	-	-	2,282,274	-	(4,356)	-	2,277,918
Realised gain from sale of financial assets at fair value through other comprehensive income	-	-	-	(7,315)	-	-	7,315	-
Remeasurement of defined benefit plans	-	-	-	-	(565,736)	-	-	(565,736)
Total comprehensive income for the year	**-**	**-**	**-**	**2,274,959**	**(565,736)**	**(4,356)**	**(4,503,960)**	**(2,799,093)**
Transferred to reserves	-	-	-	-	-	-	-	-
Share capital increase expenses	-	-	-	-	-	-	(301,419)	(301,419)
Dividends distributed (note 27)	50,000,000	-	(50,000,000)	-	-	-	-	-
Balance as at 31 December 2020	**150,000,000**	**96,043,640**	**131,023,362**	**4,571,425**	**(565,736)**	**(22,185)**	**75,381,421**	**456,431,927**
31 December 2019								
Balance at the beginning of the year	100,000,000	91,350,185	171,636,452	4,160,518	-	(17,829)	78,432,483	445,561,809
Profit for the year	-	-	-	-	-	-	29,937,619	29,937,619
Net change in financial assets revaluation reserve - net of tax	(100,000,000)	-	-	4,033,011	-	-	-	4,033,011
Realised gain from sale of financial assets at fair value through other comprehensive income	-	-	-	(5,897,063)	-	-	5,897,063	-
Total comprehensive income for the year	**-**	**-**	**-**	**(1,864,052)**	**-**	**-**	**35,834,682**	**33,970,630**
Transferred to reserves	-	4,693,455	9,386,910		-	-	(14,080,365)	-
Dividends distributed (note 27)	-	-	-	-	-	-	(20,000,000)	(20,000,000)
Balance as at 31 December 2019	**100,000,000**	**96,043,640**	**181,023,362**	**2,296,466**	**-**	**(17,829)**	**80,186,800**	**459,532,439**

* Retained earnings include a restricted amount against deferred tax assets of JD 36,718,616 as at 31 December 2020 (2019: 31,137,943) in accordance with the instructions of the Central Bank of Jordan.

* Retained earnings include a restricted amount against the impact of the early adoption of IFRS (9) of 3,246,661 as at 31 December 2020 (2019: 3,537,266) in accordance with the Jordan Securities Commission instructions, this amount can only be utilized upon the actual sale.

* In accordance with the instructions of the Central Bank of Jordan No. 132018/, the accumulated balance of the general banking risk reserve amounting to JD 14,288,875 as at 1 January 2018 was transferred to retained earnings to offset the impact of IFRS 9. Surplus amount if any after the offset is restricted.

* The credit balance of the financial asset's valuation reserve through the statement of income and other comprehensive income is restricted, in accordance with the instructions of the Securities Commission .

Notes to the consolidated financial statements

As at 31 December 2020

	Note	2020	2019
Operating activities:		JD	JD
(Loss) profit for the year before income tax		(5,578,751)	46,770,932
Net (Loss) profit from discontinued operations		(538,815)	36,211
Adjustment for:			
Depreciations and amortisations	11/12	4,715,649	6,573,308
Expected credit losses- direct credit facilities	8	38,986,214	13,973,096
Expected credit losses - indirect credit facilities		1,485,714	290,843
Expected credit losses(reversal) – bank deposits	4/5/6	5,966,519	(31,663)
Expected credit losses(reversal) - investments	9/10	5,783,115	(391,011)
Net interest income		(14,611,297)	(1,594,271)
Provision for end of service benefits	19	2,288,712	2,227,728
Provision for lawsuits and legal cases	19	360,000	1,647,854
Loss (gain) on sale of seized assets	32/34	533974	(52,050)
Profit on sale of property and equipment		(16,550)	(350)
Loss (profit) on sale of financial assets at fair value through other comprehensive income - debt instruments		407,041	(91,329)
Provision (reversal of) for seized assets	32/34	365428	(2,410,542)
Amortisation of right of use - leased assets	34	2,234,124	2,283,613
Effect of exchange rate fluctuations on cash and cash equivalents	31	(3,141)	(7,461)
Cash flows generated from operating activities before changes in assets and liabilities		42,377,936	69,224,908
Change in assets and liabilities			
(Increase) decrease in balances at banks and financial institutions		(5,749,288)	8,563,348
(Increase) decrease in direct credit facilities		(21,722,331)	44,891,930
Loan with a repurchase right at fair value		(10,000,000)	-
Decrease in other assets		16,871,125	24,007,415
(Increase) in assets held for sale		(1,324,123)	(824,973)
Increase in deposits with banks and financial institutions of more than 3 months maturity		82,189,677	39,704,000
Increase in customers' deposits		11,457,977	80,919,723
(Decrease) in cash margins		(8,283,305)	(12,534,465)
(Decrease) in other liabilities		(15,154,906)	(18,666,261)
Increase in liabilities directly associated with assets held for sale		223,429	624,109
Net cash flows generated from operating activities before provisions and income tax paid		**90,886,191**	**235,909,735**
End of service indemnity - paid	19	(1,659,604)	(992,157)
Provision for lawsuits - paid	19	(6,624)	(2,014,817)
Income tax - paid	21	(16,211,648)	(15,380,721)
Net cash flows generated from operating activities		**73,008,315**	**217,522,039**
Investing activities			
(Increase) in financial assets at amortized cost		(93,454,500)	(15,216,240)
Decrease in financial assets at fair value through comprehensive income		5,407,170	34,941,405
(Increase) in property, equipment and intangible assets		(7,122,150)	(5,517,763)
(Decrease) increase in equity directly associated with assets held for sale		(4,356)	624,109
Net cash flows (used in) generated from investing activities		**(95,173,836)**	**14,831,511**
Financing activities			
(Increase) in right of use - leased assets, net		(2,158,876)	(2,142,601)
Bonds		11,000,000	-
Increase in borrowed funds		26,047,980	18,749,166
Cash Dividends paid to shareholders		(455,502)	(19,344,781)
Net cash flows generated from (used in) financing activities		**34,433,602**	**(2,738,216)**
Net increase in cash and cash equivalents		**12,268,081**	**229,615,334**
Effect of exchange rate fluctuations on cash and cash equivalents		3,141	7,461
Cash and cash equivalents at beginning of the year		437,054,816	207,432,021
Cash and cash equivalents at the end of the year	**36**	**449,326,038**	**437,054,816**

Notes to the consolidated financial statements

As at 31 December 2020

(1) General information

Jordan Kuwait Bank was established on 25 October 1976 as a Public Shareholding Company limited under the registration number (108) in accordance with the Jordanian Companies Law No. (13) of the year 1964.

The Head Office of the Bank is located in Omaya Bin Abdshams Street, Abdali. Tel. +962 (6) 5629400, P.O. Box 9776, Amman – 11191 Jordan.

The Bank provides all banking and financial activities related to its activities through its head office and (64) branches inside the Kingdom and (1) foreign branch. The Bank owns three subsidiaries, for finance leasing, financial advisory and Brokerage, of which two of the subsidiaries are classified as held for sale.

Jordan Kuwait Bank is a Public Shareholding Company limited and is listed in Amman Stock Exchange.

Jordan Kuwait Bank is 50.927% owned at by Al Rawabi United Holding Company and the financial statements of the Bank are consolidated within the consolidated financial statements of the ultimate parent Company Kuwait Projects Holding Company (KIPCO).

The financial statements were approved by the Bank's Board of Directors at its meeting held on 10 February 2021 and are subject to the approval of the Central Bank of Jordan.

(2) Summary of significant accounting policies

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

1.2 Basis of preparation

The consolidated financial statements of the Bank and its subsidiaries (together the "Group") have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as amended by the Central Bank of Jordan.

The Jordanian Dinar is the presentation currency for the consolidated financial statements and is the Group›s functional currency.

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

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

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

b. When calculating credit losses against credit exposures, the calculation results are compared according to IFRS (9) under the instructions of the Central Bank of Jordan No. (2009/47) of 10 December 2009 for each stage separately and the stricter results are booked.

According to the instructions of the Central Bank of Jordan No. (47/2009) issued on 10 December 2009 regarding the classification of credit facilities and the calculation of the impairment provisions, credit facilities were classified into the following categories:

a) low risk credit facilities, which do not require any provisions:

These are credit facilities that have any of the following characteristics:

1) Facilities granted and guaranteed by the Jordanian government, as well as to the governments of countries in which Jordanian banks have branches, provided that these facilities are granted in the same currency of the host country.
2) Cash Guaranteed by (100%) of the outstanding balance at any time.
3) Facilities guaranteed with an acceptable bank guarantee at (100%).

b) Acceptable risk credit facilities, which do not require provision:

These are credit facilities that have any of the following characteristics:

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

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

These are credit facilities that have any of the following characteristics:

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

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

D) Non-performing credit facilities:

The credit facilities that have any of the following characteristics:

1) They are past due, or the maturity of one of their instalments, or default payment of the principal amount and / or interest, or dormant current debit account for the following periods:

Classification	Number of past due days	The percentage of the provision for the first year
Sub-standard credit facilities	(90) – (179) days	25%
Doubtful credit facilities	(180) – (359) days	50%
Bad debt/loss credit facilities	(360) days and more	100%

2) Overdrafts that exceed the granting limit by (10%) and more, and for the duration of (90) days and more.
3) Credit facilities that have been expired for 90 days or more and have not been renewed.
4) Credit facilities granted to any customer declared bankrupt or to any company that has been deemed under liquidation.
5) Credit facilities that were restructured three times within a year.
6) Current and on-demand accounts overdrawn for (90) days or more.
7) The value of guarantees paid on behalf of the clients and were not credited to their accounts with past due of (90) days or more.

The expected credit losses provision against credit facilities is calculated in accordance with the 200947/ instructions for this category of facilities according to the above ratios and the amount of unguaranteed credit facilities during the first year, while the allocation of the covered amount is completed at 25% and over four years.

- Interest and commissions are suspended on non-performing credit facilities and facilities classified within the third stage in accordance with the instructions of the Central Bank of Jordan and in accordance with the instructions of the supervisory authorities in the countries in which the Bank operates, whichever is stricter.
- Assets that have been seized by the Bank against debts are stated in the consolidated statement of financial position within other assets at the acquisition cost or the fair value, whichever is lesser, and are revalued on the date of the consolidated financial statements individually. Any impairment in their value is recorded as a loss in the consolidated statement of income and any appreciation in value is not recorded as income. The subsequent increase is taken to the consolidated statement of income to the extent that it does not exceed the value of the previously recorded impairment. As of the beginning of 2015, a gradual provision was made for real estate seized for more than 4 years against debts according to the Circular of the Central Bank of Jordan No. 4076/1/15 dated 27 March 2014 and No. 2510/1/10 dated 14 February 2017. It is to be noted that the Central Bank of Jordan issued Circular No. 13967/1/10 dated 25 October 2019, in which the Central Bank acknowledged the enforceability of the circular No. 16607/1/10 dated 17 December 2017, in which the Central Bank confirmed the deferment of the calculation of the provision until the end of the year 2020. According to the Central Bank's Circular No. 16239/1/10 dated 21 November 2020, deduction of the required provisions against real estate acquired is to be provided for at a rate of (5%) of the total book value of these seized properties (regardless of the violation period) as of the year 2021, so that the required percentage of 50% of these properties are to be reached by the end of the year 2029.

  Cash and balances with the Central Bank item include, the cash reserve requirement item, which represents restricted balances according to the Central Bank's instructions and in accordance with the instructions of the supervisory authorities in the countries in which the Bank operates, whichever is stricter.

  The consolidated financial statements have been prepared in accordance with the historical cost principle, except for financial assets at fair value through the consolidated income statement and financial assets at fair value through other comprehensive income and loan at fair value through profit or loss that appear at fair value at the date of the consolidated financial statements.

  The accounting policies used in preparing the consolidated financial statements are consistent with the accounting policies that were followed in preparing the consolidated financial statements for the year ended 31 December 2019, with the exception of the effect of applying new and revised IFRSs, which became effective for financial periods beginning on or after 1 January 2020, as mentioned in Note (2.2).

2-2 Changes in accounting policies and disclosures

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

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

- ‹Amendments to IFRS (3) "Business combinations":

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

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

- **Amendments to IAS 1 and IAS 8:**

  These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information.

- **Amendments to IFRS 9, IAS 39 and IFRS 7**

  Interest rate benchmark reform'- These amendments provide certain exemptions in connection with interest rate benchmark reform. The exemptions relate to hedge accounting and have the effect of reforming intra-banks interest rate (IBOR), which should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the statement of comprehensive income. Given the pervasive nature of hedges involving contracts based on IBOR rate, the exemptions will affect companies in all sectors.

- **Amendments to the Conceptual framework**

  The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- Increasing the prominence of stewardship in the objective of financial reporting.
- Reinstating prudence as a component of neutrality.
- Determining the reporting entity, which may be a legal entity or part of an entity.
- Reviewing the definitions of the asset and liability.
- Removing the probability threshold for recognition and adding guidance on de-recognition.
- Adding guidance on different measurement basis.
- Stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful presentation of the financial statements.

New and revised IFRSs issued but not yet effective and not early adopted

The Group did not apply the following new standards, amendments and interpretations which have been issued but are not yet effective.

New standards, amendments and interpretations	Effective for an-nual periods be-ginning on or af-ter
IFRS 17 "Insurance contracts": On 18 May 2017, the IASB finished its long-standing project to develop an accounting standard on insurance contracts and published IFRS 17 "Insurance Contracts". IFRS 17 replaces IFRS 4, which currently permits a wide variety of practices. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. The standard applies to annual periods beginning on or after 1 January 2023, and early application is permitted if it coincides with the application of IFRS 15 "Revenue from Contracts with customers" and IFRS 9 "Financial Instruments". IFRS 17 requires a current measurement model as estimates are remeasured in each reporting period. The measurement is based on discounted weighted cash flow bases, an adjustment for risk, and contractual services margin that represents unearned contract profits. A simplified premium allocation method is permitted for liabilities over the remaining coverage period if this method allows for a measurement method that is not materially different from the general model or if the coverage period extends for a year or less. However, claims incurred should be measured by reliance on risk-weighted, risk-adjusted and discounted cash flow bases.	1 January 2023
Amendments to IAS 1, "Presentation of financial statements" on classification of liabilities. These minor amendments to IAS 1, "Presentation of financial state-ments" clarify that liabilities are classified as either current or non-current liabilities, depending on equities at the end of reporting period. The classification is not af-fected by the entity›s expectations or events subsequent to the reporting date (for example, receipt of a waiver or breach of an undertaking). The amendment also clarifies any reference to a "settlement" of liability as mentioned in the IAS 1.	1 January 2022

There are no other relevant IFRSs standards, amendments to the published standards, or IFRSs Interpretation Committee that have been issued but did not come into effect for the first time for the Group›s financial year that began on 1 January 2020 and was expected to have significant effect on the Group›s consolidated financial statements.

2.3 Basis of consolidation of the financial statements

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

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

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

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

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

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

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

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

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

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

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

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

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

The Bank has the following subsidiary as at 31 December 2020:

Name of the Company	Paid in capital	Bank's ownership	Nature of op-erations	Country of incorpora-tion	Date of acquisi-tion
	JD	%			
Ejara Finance Leasing Company	20,000,000	100	Finance leas-ing	Jordan	2011

The Bank has the following subsidiary as at 31 December 2019:

Name of the Company	Paid in capital	Bank's ownership %	Nature of op-erations	Country of incorpora-tion	Date of acquisi-tion
	JD	%			
Ejara Finance Leas-ing Company	20,000,000	100	Finance lease	ناعم	2011
Specialized Manage-rial Company for In-vestment and Finan-cial Consultation	530,000	100	Management of issues and financial con-sultations	ناعم	2016

The result of operations of the subsidiaries are consolidated in the consolidated statement of income from the date of their ownership which is the date on which the control on the subsidiaries is actually transferred to the Bank. The results of disposed operations of subsidiaries are consolidated in the consolidated statement of income up to the disposal date, which is the date on which the Bank loses control over the subsidiaries.

The financial statements of the subsidiaries are prepared for the same financial year of the Bank, using the same accounting policies used by the Bank. If the accounting policies adopted by the subsidiaries are different, the required adjustments are made on the financial statements of the subsidiaries to be consistent with the policies. If separate financial statements are prepared for the Bank as an independent entity, the investments in subsidiaries are stated at cost.

2-3 Segment information

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

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

2-4 Financial instruments

Initial recognition of measurement:

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

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

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

- When the fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, the difference is recognised in the consolidated profit or loss on initial recognition (i.e. profit or loss on the first day).
- In all other cases, the fair value is adjusted to align with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

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

Initial recognition

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

Subsequent measurement

All recognised financial assets that are within the scope of IFRS (9) are required to be subsequently measured at amortised cost or fair value on the basis of the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets

Specifically:

- Financing instruments held in the business model that aims to collect contractual cash flows, and which have contractual cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, and are subsequently measured at amortised cost;
- Financing instruments held within the business model that aim to both collect contractual cash flows and sell debt instruments, which have contractual cash flows, are SPPI on the principal amount outstanding, and are subsequently measured at fair value through other comprehensive income;
- All other financing instruments (such as debt instruments managed on fair value basis, or held for sale), and equity investments are subsequently measured at fair value through the consolidated statement of income.

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

- The Bank can take the non-cancellable option by including subsequent changes in the fair value of the investment in equity that is not held for trading or a possible replacement recognised by the buyer within the business combination to which the IFRS (3) applies, in other comprehensive income;
- The Bank can determine in a non-cancellable manner the financing instruments that meet the criteria of amortised cost or fair value through other comprehensive income as measured by the fair value through the consolidated statement of income if it eliminates or significantly reduces mismatches in accounting (referred to as the fair value option).

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

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

The contractual terms of the asset that is classified and measured at amortised cost or at FVOCI, should give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal outstanding.

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

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

Business model assessment:

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

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

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

- The policies and declared objectives of the portfolio and the application of those policies and whether the management strategy focuses on obtaining contractual revenue, maintaining a specific rate of profit, and matching the period of financial assets with the period of financial liabilities in which those assets are financed cash flows are realised through the sale of assets.
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the key management personnel;
- The risks that affect the performance of the business model (and financial assets held within that business model) and, in particular, the way in which those risks are managed.
- How managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- On initial recognition of the financial asset, the Bank determines whether the recently recognised financial assets are part of an existing business model or whether it reflects the beginning of a new business model. The Bank reassesses its business models in each reporting period to determine whether the business models have changed since the previous period.

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

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

Financial assets

- Assessing whether contractual cash flows are solely payments of principal and interest (SPPI):

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

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

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

Financial assets at fair value through the statement of income:

Financial assets at fair value through the statement of income are:

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

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

Reclassification:

If the business model, under which the Bank holds financial assets, changes, the financial assets that were affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Bank's financial assets. Changes in contractual cash flows are considered within the framework of the accounting policy for the amendment and exclusion of financial assets set out below.

Foreign exchange gains and losses

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

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in the statement of income of profit or loss; and
- For debt instruments measured at FVOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in the statement of profit or loss.

Other exchange differences are recognised in OCI in the investment's revaluation reserve;

- For financial assets measured at amortised cost through the statement of profit or loss that are not part of a designated hedging relationship, gains and losses of exchange differences are recognised in the statement of profit or loss; and
- For equity instruments measured at FVOCI, exchange differences are recognised in other comprehensive income within investments valuation reserve.

Fair value option

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

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

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

2-5 Impairment

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

- Balances and deposits with banks and banking institutions.
- Direct credit facilities (loans and advances to customers).
- Financial assets at amortised cost (debt instruments securities)
- Financial assets at fair value through the statement of other comprehensive income.
- Exposures off-the statement of financial position that are subject to credit risk (issued financial guarantee contracts).

Impairment loss is not recognised in equity instruments.

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

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

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

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

For the limits not utilised, the expected credit loss is the difference between the present value of the difference between the contractual cash flows due to the Bank if the borrower withdraws the financing and the cash flows that the Bank expects to receive if the financing is utilised; 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 Bank expects to receive from the instrument holder, the customer or any other party.

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

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 faced by borrower or issuer;
- Breach of contract, for example, default or delay in payment;
- The Bank grants the borrower a waiver for economic or contractual reasons related to the borrower›s financial difficulty;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- The purchase of a financial asset at a significant discount that reflects the incurred credit losses."

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

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

Purchased or originated credit-impaired' (POCI) financial assets

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

Definition of default

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

The Bank considers the following as an event of default:

- The borrower defaults for more than 90 days on any significant credit obligation to the Bank; or
- The borrower is unlikely to pay his credit obligations to the Bank in full.

The definition of default is appropriately tailored to reflect characteristics of different types of assets.

Overdrafts are considered as being past due once the customer has breached an advised limit or has been advised of a limit smaller than the current amount outstanding.

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

Significant increase in credit risk

- The Bank monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Bank will measure the loss allowance based on lifetime rather than 12-month ECL.
- The Bank will not consider that financial assets with 'low' credit risk at the reporting date did not have a significant increase in credit risk. As a result, the Bank monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk.
- In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Bank compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Bank considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Bank's historical experience and expert credit assessment including forward-looking information.
- Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.
- For corporate financing, forward-looking information includes the future prospects of the industries in which the Bank's counterparties operate, that can be obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as taking into consideration various internal and external sources of actual and forecast economic information. For retail financing, forward looking lending information includes the same economic forecasts as corporate lending with additional forecasts of local economic indicators, particularly for regions with a concentration to certain industries, as well as internally generated information of customer payment behaviour. The Bank allocates its counterparties to a relevant credit risk grade depending on their quality. The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime PD by comparing

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

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

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

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

Modification and de-recognition of financial assets

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

The Bank renegotiates loans with customers who face financial difficulties to increase collection and reduce the risk of default. The terms of repayment of the loan are facilitated in cases where the borrower has made all reasonable efforts to pay under the original contractual terms, and an important risk of default or default has occurred and it is expected that the borrower will be able to fulfil the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants. The bank has a waiting policy that applies to corporate and individual lending.

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

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

In the case where the financial asset is derecognised, the loss allowance for ECL is remeasured at the date of de-recognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on de-recognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated as credit- impaired.

This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Bank monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

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

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

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

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

The Bank derecognises a financial asset only when the contractual rights to the asset's cash flows expire, or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/ loss that had been recognised in OCI and accumulated in equity is recognised in the statement of profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/ loss previously recognised in OCI is not subsequently reclassified to the statement of profit or loss.

Write-off

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

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

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

- For financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- For debt instruments measured at FVTOCI: no loss allowance is recognised in the consolidated statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the investment's revaluation reserve;
- 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

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

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

2-6 Loans and advances

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

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

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

Equity instruments

Share capital

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

Treasury shares

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

Financial liabilities

Financial liabilities are classified either as 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 at fair value through the statement of profit or loss when financial liabilities (1) are held for trading or (2) are classified at fair value through the statement of profit or loss. A financial liability is classified as held for trading if:

- It is incurred principally for the purpose of repurchasing in the near term;
- Upon initial recognition it is part of a portfolio of identified financial instruments that the Bank manages 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 the purpose of trading or the potential consideration that a buyer may pay as part of a business combination at fair value is determined through the statement of profit or loss upon initial recognition if:
- This designation substantially eliminates or reduces the inconsistency of the measurement or recognition that may otherwise arise;
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Bank›s documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- If the financial obligation forms part of a contract that contains one derivative or more. IFRS 9 allows a fully hybrid contract (composite) to be determined at fair value through the statement of profit or loss.

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

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

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

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

Other financial liabilities

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

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

De-recognition of financial liabilities

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

The exchange between the Bank and its existing lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Likely, the Bank treats the significant modification of the outstanding obligation conditions or part thereof as extinguishment of the original financial liabilities and the recognition of new liabilities. The terms are assumed to be substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

Derivative financial instruments

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

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

Derivatives with positive fair value are recognised as a financial asset, while derivatives with negative fair value are recognised as financial liabilities. Derivatives are presented as non-current assets or non-current liabilities if the residual maturity of the instrument is more than (12) months and is not expected to be realised or settled within (12) months. Other derivatives are presented as current assets or current liabilities.

Embedded derivatives

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

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

Financial guarantee contracts

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

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

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

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

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

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

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

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

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

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

Financial derivatives

Financial derivatives for trading

The fair value of derivatives of financial instruments held for trading purposes (such as foreign exchange forward contracts, future interest contracts, swaps contracts, foreign exchange rate options rights) is recognised in the consolidated statement of financial position and the fair value is determined according to the prevailing market rates, In the event that market rates are not available, the valuation method is mentioned. The amount of changes in the fair value is recorded in the consolidated statement of profit or loss.

Hedge accounting

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

- At the beginning of the hedge relationship, the Bank documents the relationship between the hedging instrument and the hedged item, as well as the risk management objectives and strategy for undertaking various hedging transactions. Furthermore, at the commencement of the hedging and on a continuous basis, the Bank documents whether the hedging instrument is effective in offsetting changes in the fair value or cash flows of the hedged item that can be attributed to the hedged risk, and for which all hedging relationships meet the following hedging effectiveness requirements: There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from this economic relationship; and
- The hedge ratio for the hedge relationship is the same as that results from the amount of the hedged item to which the Bank actually hedges and the amount of the hedging instrument that the Bank actually uses to hedge that amount of the hedged item.

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

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

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

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

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

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

Fair value hedges

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

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

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

Cash flow hedges

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

Amounts previously recognised in other comprehensive income and the accumulation of shareholders› equity in the statement of profit or loss in the periods in which the hedging item affects profit or loss are reclassified in the same line of the hedged recognised item. If the Bank no longer expects the transaction to occur, then this amount is immediately reclassified to the statement of profit or loss.

The Bank does not suspend hedging accounting except when the hedging relationship (or part of it) ceases to meet the qualifying criteria (after rebalancing, if any). This includes cases where the hedging instrument expires, is sold, terminated, or exercised, or when the occurrence of a specific hedging transaction is not considered to be highly probable. Suspension is calculated with a future effect. Any gains/ losses recognised in other comprehensive income and accumulated in equity at that time remain in equity and recognised when the expected transaction is finally recorded in profit or loss. When the occurrence of a forecast transaction becomes unpredictable, the accumulated profits/ losses in shareholders› equity is reclassified and recognised directly in the statement of profit or loss.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gains/ losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income and accumulated in the reserve of foreign exchange.

The profits and losses resulting from the hedging instrument related to the effective portion of the hedging accumulated in the foreign currency translation reserve are reclassified into profits or losses in the same way as the foreign exchange differences of the foreign operation as described above.

Offsetting

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

2-7 Accounts managed for the interest of clients

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

2-8 Fair value

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

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

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

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

2-9 Assets seized by the Bank against debts

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

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

2-10 Property and equipment

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

	%
Buildings	3
Equipment, devices and furniture	9-15
Transport	15
Computers	20
Building Improvements	20

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

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

The property and equipment are derecognised at the disposal or when there are no expected future benefits from their use or disposal.

2-11 Intangible assets

Intangible assets that are acquired through the merger are stated at fair value at the date of acquisition. The intangible assets that are obtained by a method other than the merger are stated at cost.

Intangible assets are classified on the basis of their estimated lifetime for a definite or indefinite period. Intangible assets that have a definite lifetime are amortised during this lifetime and are recognised in the consolidated statement of income. For intangible assets that have an indefinite lifetime, their impairment is reviewed at the date of the consolidated financial statements and any impairment is recognised in the consolidated statement of income.

Intangible assets resulting from the Bank›s business are not capitalised and are recognised in the consolidated statement of income in the same period.

Any indications of impairment in the value of intangible assets statements the consolidated financial statements date are reviewed. Furthermore, the estimated useful life of those assets are reviewed, and any adjustment is made in the subsequent periods.

Computer systems and software are amortised over their estimated useful lives using the straight-line method, at a rate of 20-33% annually.

2-12 Cash and cash equivalents

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

2-13 Net non-current assets held for sale

Non-current assets are classified as held for sale if the recovery of restricted amounts will be mainly made through a sale rather than through continuing operations. The asset should be ready for sale in its current condition, and the sale order should be highly probable. In addition, the management should have a commitment to the sale plan, so that the sale is eligible to be recognised as a completed sale within one year from the date of this classification.

When the Bank is committed to a sale plan that includes the loss of control over a subsidiary, it must classify all its assets and liabilities as held for sale, when all the conditions referred to above are met.

Non-current assets classified as held for sale are measured at book value or fair value less costs to sell, whichever is lower. The results of that company›s business are also shown in a separate line in the consolidated statement of income as net profit from discontinued operations.

2-14 Pledged financial assets

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

2-15 Foreign currencies

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

The separate financial statements of the Bank›s subsidiaries are prepared, and the separate financial statements of each of the Group's companies are presented in the main functional economic currency in which they operate. Transactions are recorded in currencies other than the Bank›s functional currency, according to the exchange rates prevailing on the dates of those transactions. On the date of the statement of financial position, the financial assets and liabilities are translated into foreign currencies at the exchange rates prevailing on that date. Non-monetary items carried at fair value and denominated in foreign currencies are also translated at the exchange rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not reclassified.

Exchange differences are recognised in the consolidated statement of profit or loss in the period in which they arise, except for:

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

Foreign currency exchange differences on monetary items required to/ from a foreign operation that are not planned or unlikely to be settled in the near future (and therefore these differences are part of the net investment in the foreign operation), which is recognised initially in the calculation of other consolidated comprehensive income, and are reclassified from equity to the statement of profit or loss upon sale or partial disposal of net investment.

For the purpose of the presentation of the consolidated financial statements, assets and liabilities of foreign operations of the Bank are transferred according to the exchange rates prevailing at the date of the statement of financial position. Revenue is also transferred according to the average exchange rates for the period, unless exchange rates change significantly during that period, in which case exchange rates are used on the date of transactions. Emerging differences, if any, are recognised in the consolidated statement of comprehensive income and grouped into a separate component of equity.

2-16 Provision for employees› end of service indemnity

A provision is made to meet the statutory and contractual obligations of employees for the end of service or for the accumulated service period of employees at the date of the consolidated statement of financial position in accordance with the internal regulations of the Bank.

Annual compensations paid to employees who leave the service are paid from the provision. A provision for the Bank›s obligations for employees› end of service is stated in the consolidated statement of income or comprehensive income in accordance with the provisions of IAS 19 relating to employees' benefits.

2-17 Provisions

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

2-18 Income tax

Tax expenses represent amounts of tax payable and deferred tax.

Payable tax expenses are calculated based on taxable profits. Taxable profits are different from profits disclosed in the consolidated financial statements, as disclosed profits include revenue that is not subject to tax, expenses that are not recognizable in the financial year but in subsequent years or accumulated losses that are accepted in terms of tax, or items that are not taxable or recognisable for tax purposes.

Taxes are calculated as per the tax rates established by the laws, regulations and instructions applicable in the countries where the Bank operates.

Deferred tax is the tax expected to be paid or recovered as a result of temporary timing differences between the value of assets or liabilities in the consolidated financial statements and the value based on which taxable profit is calculated. Deferred tax is calculated using the liability method in the consolidated statement of financial position, and deferred tax is accounted for in accordance with tax rates expected to be applied to settle the tax liability or realise deferred tax assets.

Deferred tax assets and liabilities are reviewed at the date of the consolidated financial statements and written down when it is not probable to utilise tax assets partially or fully

2-19 Net interest income

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

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

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

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

2-20 Net commission income

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

Commission's expenses with regard to services are accounted for upon receipt of services.

2-21 Net trading income

Net trading income includes all profit or loss from changes in the fair value of financial assets and financial liabilities held for trading. The Bank elected to present the movement of the full fair value of trading assets and liabilities within the trading income, including any relevant revenues, expenses and share dividends.

2-22 Net income of other financial instruments at fair value through the statement of profit or loss

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

The movement in the fair value of derivatives held for economic hedging is presented where hedge accounting is not applied in «net income from other financial instruments at fair value through the statement of profit or loss».

However, with respect to the designated and effective fair value hedge relationship, the gains and losses on the hedging instrument are presented on the same line item in the statement of profit or loss as a hedged item. With respect to certain and effective cash flows and hedge accounting relationships for net investment, the hedging instrument gains and losses, including any hedging ineffectiveness included in the statement of profit or loss, are included in the same item as a hedged item that affects the statement of profit or loss.

2-23 Dividends income

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

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

- With regard to equity instruments held for trading, dividend income is included in the statement of profit or loss under the item of profit (loss) of financial assets at fair value through the statement of profit or loss;
- In the case of equity instruments classified as fair value through other comprehensive income, dividends are included in the statement of profit or loss as dividend from financial assets at fair value through other comprehensive income; and
- For equity instruments not designated at FVTOCI and not held for trading, dividend income is included as net income from financial instruments at fair value through the statement of profit or loss.

2-24 Impairment of non-financial assets

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

2-25 Foreign currencies

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

The separate financial statements of the Bank›s subsidiaries are prepared, and the separate financial statements of each of the Group's companies are presented in the main functional economic currency in which they operate. Transactions are recorded in currencies other than the Bank›s functional currency, according to the exchange rates prevailing on the dates of those transactions. On the date of the statement of financial position, the financial assets and liabilities are translated into foreign currencies at the exchange rates prevailing on that date. Non-monetary items carried at fair value and denominated in foreign currencies are also translated at the exchange rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not reclassified.

Exchange differences are recognised in the consolidated statement of profit or loss in the period in which they arise, except for:

- Foreign currency exchange differences on transactions made in order to hedge foreign currency risk.
- Foreign currency exchange differences on monetary items required to/ from a foreign operation that are not planned or unlikely to be settled in the near future (and therefore these differences are part of the net investment in the foreign operation), which is recognised initially in the calculation of other consolidated comprehensive income, and are reclassified from equity to the statement of profit or loss upon sale or partial disposal of net investment

For the purpose of the presentation of the consolidated financial statements, assets and liabilities of foreign operations of the Bank are transferred according to the exchange rates prevailing at the date of the statement of financial position. Revenue is also transferred according to the average exchange rates for the period, unless exchange rates change significantly during that period, in which case exchange rates are used on the date of transactions. Emerging differences, if any, are recognised in the consolidated statement of comprehensive income and grouped into a separate component of equity.

When excluding foreign operations (i.e. eliminating the Bank's entire share in foreign operations, or that resulting from the loss of control of a subsidiary within foreign operations or partial disposal of its share in a joint arrangement or an associate of a foreign nature in which the held share becomes a financial asset), all foreign currency exchange differences accumulated in the separate item that represent the equity of that operation attributable to the owners of the bank, are reclassified to the consolidated statement of profit or loss.

In addition, with regard to partial disposal of a subsidiary that includes foreign operations and does not result in the Bank losing control of the subsidiary, its share of the accumulated exchange differences is reversed to net comprehensive income at a rate that is excluded and is not recognised in the consolidated statement of profit or loss. As for all other partial liquidations (such as partial liquidation of associates or joint ventures that do not result in the Bank losing significant influence or joint control), the share of accumulated exchange differences is reclassified to the consolidated statement of profit or loss.

2-26 Leases

The Bank has implemented IFRS (16) "Leases" that have replaced existing guidance on lease contracts, including IAS (17) "Leases" and IFRIC (4) "Determining whether an arrangement contains a lease", SIC (15) "Operating lease -incentives" and SIC (27) "Evaluating the substance of transactions involving the legal form of a lease".

Accounting policy applied at 1 January 2019:

With respect to contracts concluded before 1 January 2019, the Bank determines whether the arrangement was or contained a lease based on an assessment of whether:

- The implementation of the arrangement depends on the use of a specific asset
- Or specific assets.
- The arrangement had transferred the right to use the asset.

The Bank as a lessee

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

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

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

The Bank as a lessor

- When the Bank is lessor, at the start of the lease, it determines whether each lease is a finance lease or an operating lease.
- To classify each lease, the Bank performs a comprehensive evaluation to demonstrate whether the lease largely transfers all risks and benefits associated with ownership of this asset. If this is the case, the lease is a finance lease; if not, it is an operating lease. As part of this assessment, the Bank takes into account certain indicators such as whether the lease is the greater part of the economic life of the asset.

The Bank applies the requirements of de-recognition and impairment in IFRS 9 for net investment in the lease. The Bank performs a periodic review of the expected non-guaranteed residual value that was used to calculate the total investment amount in the lease.

Policy applied before 1 January 2019:

With respect to contracts concluded before 1 January 2019, the Bank determines whether the arrangement was or contained a lease based on an assessment of whether:

- The implementation of the arrangement depends on the use of a specific asset or specific assets.
- The arrangement had transferred the right to use the asset

The Bank as a lessee

- There were no financing leases with the Bank as per the requirements of IAS (17) "Leases".
- Assets held as other assets are classified as operating leases and are not recognised in the statement of financial position of the Bank. The amounts paid under operating leases are recognised in the statement of profit or loss on a straight-line basis over the term of the lease. The lease incentives recognised were an integral part of the total lease expense, over the term of the lease.

The Bank as a lessor

- When the Bank is lessor, at the start of the lease, it determines whether each lease is a finance lease or an operating lease.
- To classify each lease, the Bank performed a comprehensive evaluation to demonstrate whether the lease largely transfers all risks and benefits associated with the use of this asset to the lessee. If this is the case, the lease is a finance lease; if not, it is an operating lease. As part of this assessment, the Bank takes into account certain indicators such as whether the lease is the greater part of the economic life of the asset

2-27 Earnings per share

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

(3) Use of estimates

The preparation of the consolidated financial statements and the application of accounting policies require the Bank›s management to make estimates and judgements that affect the amounts of assets and liabilities and disclosure of contingent liabilities. These estimates and judgments affect the revenues, expenses, provisions and reserve of valuation of financial assets at fair value. In particular, it requires the Bank›s management to issue critical judgements to estimate the amounts of future cash flows and their timing. The mentioned estimates are necessarily based on multiple assumptions and factors involving varying degrees of judgment and uncertainty and that actual results may differ from the estimates as a result of changes resulting from the conditions and circumstances of those estimates in the future. Judgements, estimates and assumptions are reviewed on an ongoing basis. The impact of change in estimates is recognised in the reporting period in which this change occurs if the revision affects only that period and the effect of the change in estimates is recognised in the reporting period in which this change occurs and in future reporting periods if the revision affects both current and future periods.

The Bank's management believes that the estimates included in the consolidated financial statements are reasonable and are detailed as follows:

- **Impairment of seized assets**

  Impairment of seized assets is recognised based on most recent property valuation approved by accredited valuators for the purposes of calculating the impairment. The impairment provisions for seized assets is reviewed periodically.

- **Expected credit loss provisions**

  The Bank›s management is required to use significant judgments and estimates to estimate future cash flows amounts and timings and estimate the risks of a significant increase in credit risk for financial assets after initial recognition and future measurement information for expected credit losses. The most significant policies and estimates used by the Bank's management are detailed in Note (3).

- **Leases**

  Determination of lease term: In determining the lease term, the management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The extension options (or periods after the termination options) are included only in the term of the lease if the lease is reasonably certain to be extended (or not terminated). The evaluation is reviewed in the event of a significant event or significant change in the circumstances that affect this evaluation and that are under the control of the lessee. Extension and termination of leases options: these are included in a number of leases. These conditions are used to increase operational flexibility in terms of contract management. Most of the extension and termination options held are renewable by both the Bank and the lessor.

  Discounting of lease payments: Lease payments are discounted using the bank›s incremental borrowing rate («IBR»). Management applied judgements and estimates to determine the incremental borrowing rate at the start of the lease.

- **Useful lives of tangible assets and intangible assets**

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

- **Assets and liabilities that are stated at cost**

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

- **Income tax**

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

- **Provision for legal cases**

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

(4) Cash and balances with Central Banks

	2020	2019
	JD	JD
Cash on hand	64,496,865	50,448,890
Balances with central banks:		
Current and demand accounts	23,219,692	30,413,041
Term, notice deposits and certificate of deposits	202,208,130	229,642,389
Restricted cash reserve	71,944,918	91,500,370
Gross balances with central banks	**297,372,740**	**351,555,800**
Less: Expected credit loss provision for balances with central banks	-	-
Net balances with central banks	297,372,740	351,555,800
Total	**361,869,605**	**402,004,690**

- Excluding restricted cash reserve, there are no restricted balances as at 31 December 2020 and 2019.
- There are no balances that matures in a period of more than 3 months as at 31 December 2020 and 2019.

  Expected credit losses are not calculated on balances with central banks according to the instructions of the Central Bank of Jordan relating to the application of the IFRS (9).

- The following is the distribution of total balances with central banks according to the Bank›s internal classification categories as at 31 December 2020 and 2019::

31 December 2020	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total	2019
	JD	JD	JD	JD	JD
From (1) to (5)	-	-	-	-	1,357,715
From (6) to (7)	-	-	-	-	-
From (8) to (10)	1,881,749	-	-	1,881,749	-
Unrated	295,490,991	-	-	295,490,991	350,198,085
Total	**297,372,740**	**-**	**-**	**297,372,740**	**351,555,800**

- The following is the movement on balances with central banks during the years ended 31 December 2020 and 2019:

Description	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total	2019
	JD	JD	JD	JD	JD
Balance at the beginning of the year	351,555,800	-	-	351,555,800	162,728,126
New balances during the year	24,316,940	-	-	24,316,940	190,700,722
Balances paid during the year	(78,500,000)	-	-	(78,500,000)	(1,873,048)
Transferred to Stage 1	-	-	-	-	-
Transferred to stage 2	-	-	-	-	-
Transferred to stage 3	-	-	-	-	-
Write offs	-	-	-	-	-
Balance at the end of the year	**297,372,740**	**-**	**-**	**297,372,740**	**351,555,800**

- The following is the movement on balances with central banks during the years ended 31 December 2020 and 2019:

Description	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total	2019
	JD	JD	JD	JD	JD
Balance at the beginning of the year	-	-	-	-	-
Expected credit losses on new balances during the year	-	-	-	-	-
Recovered from expected credit losses on balances paid	-	-	-	-	-
Transferred to Stage 1	-	-	-	-	-
Transferred to stage 2	-	-	-	-	-
Transferred to stage 3	-	-	-	-	-
Balance at the end of the year	-	-	-	-	-

(5) Balances at banks and financial institutions

Description	Local banks and financial in-stitutions		Foreign banks and financial insti-tutions		Total	
	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD
Current and held at call accounts	6,344	38,770	140,158,467	120,889,278	140,164,811	120,928,048
Deposits maturing within 3 months or less	-	-	2,643,288	13,159,391	2,643,288	13,159,391
Total	6,344	38,770	142,801,755	134,048,669	142,808,099	134,087,439
Less: Expected credit loss provisions for bal-ances at banks and financial institutions	-	-	(5,968,773)	(1,761)	(5,968,773)	(1,761)
Less: interest in suspense	-	-	(80,808)	-	(80,808)	-
Balances at banks and financial institu-tions	**6,344**	**38,770**	**136,752,174**	**134,046,908**	**136,758,518**	**134,085,678**

- Balances with banks and banking institutions, for which the Bank receives no interest amounted to JD 53,234,983 as at 31 December 2020 against JD 66,753,963 as at 31 December 2019.
- The following is the distribution of total balances with banks and financial institutions according to the Bank›s internal classification categories as at 31 December 2020 and 2019:

Credit rating categories based on the Bank›s inter-nal system	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total	2019
	JD	JD	JD	JD	JD
From (1) to (5)	131,728,110	-	-	131,728,110	76,230,459
From (6) to (7)	114,717	-	-	114,717	7,447,891
From (8) to (10)	92,952	-	6,049,582	6,142,534	-
Unrated	4,822,739	-	-	4,822,739	50,409,089
Total	**136,758,518**	**-**	**6,049,582**	**142,808,100**	**134,087,439**

- The following is the disclosure of the movement on balances with banks and banking institutions during the years ended 31 December 2020 and 2019:

Description	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total	2019
	JD	JD	JD	JD	JD
Balance at the beginning of the year	**130,187,939**	**3,899,500**	**-**	**134,087,439**	**215,602,541**
Expected credit losses on new balances	42,896,277	-	3,341,966	46,238,243	37,065,317
Recovered from expected credit losses	(36,325,698)	-	(1,191,885)	(37,517,583)	(118,580,419)
Transferred to Stage 1	-	-	-	-	-
Transferred to stage 2	-	-	-	-	-
Transferred to stage 3	-	(3,899,500)	3,899,500	-	-
Balance at the end of the year	**136,758,518**	**-**	**6,049,582**	**142,808,100**	**134,087,439**

- The following is expected credit loss provisions on balances with banks and financial institutions during the years ended 31 December 2020 and 2019:

Description	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total	2019
	JD	JD	JD	JD	JD
Balance at the beginning of the year	**646**	**1,114**	**-**	**1,761**	**7,849**
Expected credit losses on new balances		-	5,967,659	5,967,659	626
Recovered from expected credit losses on	(646)	-	-	(646)	(6,714)
Transferred to Stage 1	-	-	-	-	-
Transferred to stage 2	-	-	-	-	-
Transferred to stage 3	-	(1,114)	1,114	-	-
Write offs	-	-	-	-	-
Balance at the end of the year	**-**	**-**	**5,968,773**	**5,968,773**	**1,761**

(6) Deposits at banks and financial institutions

	Local banks and financial in-stitutions		Foreign banks and fi-nancial institutions		Total	
	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD
Deposits	-	200,000	-	17,725	-	217,725
Total	**-**	**200,000**	**-**	**17,725**	**-**	**217,725**
Less: Expected credit loss provision	-	(458)	-	(36)	-	(494)
Deposits at banks and financial institu-tions	**-**	**199,542**	**-**	**17,689**	**-**	**217,231**

There are no restricted deposits as at 31 December 2020 compared to (JD 17,725) as at 31 December 2019.

The following is the distribution of deposits at banks and financial institutions according to the Bank›s internal classification categories as at 31 December 2020 and 2019:

Credit rating categories based on the Bank›s inter-nal regulations	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total	2019
	JD	JD	JD	JD	JD
From (1) to (5)	-	-	-	-	-
From (6) to (7)	-	-	-	-	217,725
From (8) to (10)	-	-	-	-	-
Unrated	-	-	-	-	-
Total	-	-	-	-	217,725

The following is the movement on deposits at banks and financial institutions during the year ended 31 December 2020 and 2019:

Description	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total	2019
	JD	JD	JD	JD	JD
Balance at the beginning of the year	217,725	-	-	217,725	8,775,725
New balances	-	-	-	-	200,000
Paid during the year	(217,725)	-	-	(217,725)	(8,758,000)
Transferred to Stage 1	-	-	-	-	-
Transferred to stage 2	-	-	-	-	-
Transferred to stage 3	-	-	-	-	-
Write offs	-	-	-	-	-
Balance at the end of the year	**-**	**-**	**-**	**-**	**217,725**

The following is the disclosure of the provision for expected credit losses on deposits with banks and banking institutions during the year ended 31 December 2020 and 2019:

Description	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total	2019
	JD	JD	JD	JD	JD
Balance at the beginning of the year	494	-	-	494	25,425
New balances during the year		-	-	-	459
Balances paid during the year	(494)	-	-	(494)	(25,390)
Transferred to Stage 1	-	-	-	-	-
Transferred to stage 2	-	-	-	-	-
Transferred to stage 3	-	-	-	-	-
Write offs	-	-	-	-	-
Balance at the end of the year	**-**	**-**	**-**	**-**	**494**

(7) A loan with a repurchase option at fair value through the statement of income

- On June 4 2020, the Bank signed a share repurchase agreement, in which 10 million shares were purchased from a customer who owns the majority share of a public shareholding company registered in Jordan at a price of JD 1 per share, for a total amount of JD 10 million.
- The repurchase agreement states that the seller has the right/option to repurchase those shares at the initial transaction price of 1 JD within a period of two years from the date of signing the agreement.
- The above transaction did not meet the derecognition criteria from the seller perspective, as the agreement includes a repurchase option with a share price, as a result the Bank accounted for the transaction as a loan at fair value through profit and loss.
- The fair value of the collateral represented by shares of a public shareholding company limited was 10,700,000 JD as at 31 December 2020.

(8) Direct credit facilities, net

	31 December 2020	31 December 2019
	JD	JD
Individuals (retail):		
Overdrafts	82,850	80,370
Loans and bills*	192,437,760	149,644,254
Credit cards	9,767,487	11,388,754
Real estate mortgage	221,155,759	238,491,792
Corporates:		
Large		
Overdrafts	129,600,722	153,906,087
Loans and bills*	898,280,109	889,925,959
SMEs		
Overdrafts	17,317,291	18,553,288
Loans and bills*	115,119,148	79,254,919
Government and public sector	112,438,870	128,438,162
Total	**1,696,199,997**	**1,669,683,585**
Expected credit loss provisions	(115,101,771)	(77,230,046)
Interest in suspense	(24,585,392)	(18,676,824)
Net direct credit facilities	**1,556,512,833**	**1,573,776,716**

* Net after deducting interest and commissions received in advance amounting to JD 78,089 as 31 December 2020 compared to JD 107,896 as at 31 December 2019..

- Credit facilities within the third stage amounted to JD 187,198,381 which is equivalent to 11% of total direct credit facilities as at 31 December 2020, compared to JD 143,460,320, which is equivalent to 8.6% of the total direct credit facilities as at 31 December 2019.

- Credit facilities within the third stage less suspended interest amounted to JD 162,819,622 which is equivalent to 9.7% of total direct credit facilities as at 31 December 2020 compared to JD 124,799,884 which is equivalent to. 7.5% of total direct credit facilities as at 31 December 2019 .
- The credit facilities granted and guaranteed by the Jordanian government amounted to JD 58,001,061 which is equivalent to 3.4% of total direct credit facilities as at 31 December 2020, compared to JD 74,000,353 JD, which is equivalent to 4.4% as at 31 December 2019..

The following is the movement on the balance of direct credit facilities on gross basis during the year ended 31 Decembers 2020 and 2019:

	Stage1		Stage2		Stage3	Total
	Individual	Collective	افرادي	Collective		
31 December 2020	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	1,375,872,189	-	150,351,075	-	143,460,322	1,669,683,586
New facilities granted during the year	222,555,961	-	10,463,376	-	7,540,001	240,559,337
Facilities settled during the year	(193,104,353)	-	(10,500,317)	-	(9,286,960)	(212,891,630)
Transferred to Stage 1	15,584,490	-	(13,592,816)	-	(1,991,674)	-
Transferred to stage 2	(40,167,103)	-	44,446,517	-	(4,279,414)	-
Transferred to stage 3	(16,977,442)	-	(35,929,962)	-	52,907,404	-
Changes resulting from adjustments	-	-	-	-	-	-
Written-off facilities	-	-	-	-	(1,151,297)	(1,151,297)
Currency exchange adjustments	-	-	-	-	-	-
Balance at the end of the year	**1,363,763,744**	**-**	**145,237,872**	**-**	**187,198,381**	**1,696,199,997**
31 December 2019						
Balance at the beginning of the year	1,427,710,697	-	131,659,420	-	159,947,162	1,719,317,280
New facilities granted during the year	223,628,431	-	8,019,425	-	10,090,614	241,738,470
Facilities settled during the year	(246,425,651)	-	(14,244,678)	-	(18,599,585)	(279,269,915)
Transferred to Stage 1	28,483,346	-	(22,746,573)	-	(5,736,773)	-
Transferred to stage 2	(46,044,115)	-	64,813,653	-	(18,769,538)	-
Transferred to stage 3	(11,480,518)	-	(17,150,172)	-	28,630,691	-
Changes resulting from adjustments	-	-	-	-		-
Written-off facilities	-	-	-	-	(12,102,249)	(12,102,249)
Currency exchange adjustments	-	-	-	-	-	-
Balance at the end of the year	**1,375,872,190**	**-**	**150,351,075**	**-**	**143,460,322**	**1,669,683,586**

Expected credit loss provisions

The following is the movement in the expected credit loss provisions - direct credit facilities:

	Individuals	Real estate mortgage	Corporates		Government and public secto	Total
			Large	SMEs		
31 December 2020	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	11,838,317	15,725,946	44,445,561	4,816,981	403,242	77,230,045
Deducted during the year from revenue	7,677,227	8,796,367	25,053,263	4,048,290	-	45,575,147
Recoveries	(2,324,962)	(1,505,864)	(1,890,905)	(727,239)	(295,815)	(6,744,787)
Provision utilised during the year (debts written off) *	-	-	-	-	-	-
Debts transferred off-the statement of financial position**	(802,609)	(55,164)	-	(100,862)	-	(958,635)
Balance at the end of the year	**16,387,972**	**22,961,285**	**67,607,919**	**8,037,169**	**107,426**	**115,101,771**
Total provisions - stage 1	6,745,505	1,294,367	5,837,658	546,579	107,426	14,531,535
Total provisions -stage 2	740,634	2,903,993	5,904,996	818,895	-	10,368,519
Total provisions -stage 3	8,901,833	18,762,925	55,865,265	6,671,695	-	90,201,718
Total	**16,387,972**	**22,961,285**	**67,607,919**	**8,037,169**	**107,426**	**115,101,771**

The surplus includes an amount of JD 155,854 pertaining to one of the subsidiaries that was reclassified during the year to be presented as assets held for sale.

	Individuals	Real estate mortgage	Corporates		Government and public secto	Total
			Large	SMEs		
31 December 2019	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	9,779,708	14,177,840	45,615,899	4,991,359	432,523	74,997,329
Deducted during the year from revenue	5,366,149	3,403,415	11,465,989	2,972,335 -	-	23,207,888
Recoveries	(2,668,434)	(1,855,309)	(2,444,410)	(2,206,633)	(29,281)	(9,204,066)
Provision utilised during the year (debts written off) *	(516,139)	-	(292,172)	(595,930)	-	(1,404,242)
Debts transferred off-the statement of financial position**	(122,966)	-	(9,899,746)	(344,151)	-	(10,366,863)
Balance at the end of the year	**11,838,317**	**15,725,946**	**44,445,560**	**4,816,981**	**403,242**	**77,230,045**
Total provisions - stage 1	5,557,870	1,099,270	3,620,708	222,586	403,242	10,903,675
Total provisions -stage 2	997,362	2,027,354	7,411,315	410,975	-	10,847,006
Total provisions -stage 3	5,283,085	12,599,322	33,413,538	4,183,419	-	55,479,365
Total	**11,838,317**	**15,725,946**	**44,445,560**	**4,816,981**	**403,242**	**77,230,045**

** During the year 2020, direct credit facilities including interest in suspense were written off at an amount of JD zero, in accordance with the decision of the Board of Directors in this regard, compared to JD 1,585,781 JD for the year 2019.

*** During the year 2020, credit facilities including interest in suspense amounted to JD 1,151,297, compared to (JD 10,516,469) in the year 2019 were transferred off-the consolidated statement of financial position according to the Board of Directors decision.

- The value of provisions that were no longer needed as a result of settlements or repayment of debts and transferred against other debts amounted to JD 6,744,787 as at 31 December 2020 (9,204,066 JD as at 31 December 2019).

- The following is the movement on the expected credit loss provisions of direct credit facilities on collective basis during the year ended 31 December 2020 and 2019:

	Retail	Real estate mortgage	Companies		Government and public sector	Total
			Large	SMEs		
31 December 2020	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	**11,838,317**	**15,725,946**	**44,445,561**	**4,816,981**	**403,242**	**77,230,046**
Expected credit losses on new facilities during the year	7,677,227	8,796,367	25,053,263	4,048,290	-	45,575,147
Recovered from expected credit losses on facilities paid during the year	(2,324,962)	(1,505,864)	(1,890,905)	(727,239)	(295,815)	(6,744,787)
Transferred to Stage 1	635,781	132,881	(189,182)	59,362	-	638,841
Transferred to stage 2	(522,526)	(28,382)	(4,101,714)	195,358	-	(4,457,265)
Transferred to stage 3	(113,255)	(104,499)	4,290,897	(254,720)	-	3,818,423
Changes resulting from adjustments	-	-	-	-	-	-
Write-offs	(802,609)	(55,164)	-	(100,862)	-	(958,635)
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Balance at the end of the year	**16,387,972**	**22,961,285**	**67,607,919**	**8,037,169**	**107,426**	**115,101,771**
Re-allocation:						
Provisions on an individual basis	**16,387,972**	**22,961,285**	**67,607,919**	**8,037,169**	**107,426**	**115,101,771**
Provisions on a collective basis	-	-	-	-	-	-
31 December 2019						
Balance at the beginning of the year	**9,779,708**	**14,177,840**	**45,615,899**	**4,991,359**	**432,523**	**74,997,328**
Expected credit losses on new facilities during the year	5,366,149	3,403,415	11,465,989	2,972,335	-	23,207,888
Recovered from expected credit losses on facilities paid during the year	(2,668,434)	(1,855,309)	(2,444,410)	(2,206,633)	(29,281)	(9,204,066)
Transferred to Stage 1	882,261	424,874	(207,420)	63,806	-	1,163,522
Transferred to stage 2	(176,175)	565,370	227,639	376,011	-	992,844
Transferred to stage 3	(706,086)	(990,243)	(20,219)	(439,817)	-	(2,156,366)
Changes resulting from adjustments	-	-	-	-		-
Write-offs	(639,106)	-	(10,191,918)	(940,080)	-	(11,771,104)
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Balance at the end of the year	**11,838,317**	**15,725,946**	**44,445,560**	**4,816,981**	**403,242**	**77,230,046**
Re-allocation:						
Provisions on an individual basis	**11,838,317**	**15,725,946**	**44,445,560**	**4,816,981**	**403,242**	**77,230,046**
Provisions on a collective basis	-	-	-	-	-	-

Interest in suspense

The following is the movement in the interest in suspense during the year:

	Retail	Real estate mortgage	Companies		Government and public sector	Total
			Large	SMEs		
31 December 2020	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	1,377,074	5,330,455	10,905,373	1,063,923	-	18,676,825
Add: suspended interest during the year	578,375	2,639,919	3,615,677	612,681	-	7,446,652
Less: suspended interest transferred to revenues	(306,421)	(359,272)	(432,972)	(246,758)	-	(1,345,423)
Interest in suspense transferred off-the statement of financial position	(170,734)	(16,482)	-	(5,086)	-	(192,662)
Balance at the end of the year	1,478,294	7,594,260	14,088,078	1,424,761	-	24,585,392
31 December 2019						
Balance at the beginning of the year	1,330,377	3,133,199	6,444,893	739,015	-	11,647,484
Add: suspended interest during the year	604,532	2,973,721	7,379,362	511,343	-	11,468,958
Less: suspended interest transferred to revenues	(423,454)	(776,466)	(2,820,562)	(87,990)	-	(4,108,472)
Write offs	(113,184)	-	-	(68,355)	-	(181,539)
Interest in suspense transferred off-the statement of financial position	(21,197)	-	(98,320)	(30,090)	-	(149,607)
Balance at the end of the year	**1,377,074**	**5,330,454**	**10,905,373**	**1,063,923**	**-**	**18,676,824**

- The Bank adopts the policy of suspended interest for off balance sheet accounts. During the year 2020, JD 14,283,412 of interest was suspended in accordance with the Board of Directors decision compared to JD 2,253,492 during the year 2019, so that the total interest in suspense transferred off-the statement of financial position amounted to JD 36,830,483 JD as at 31 December 2020 (compared to JD 22,547,071 as at 31 December 2019).

- The following is the distribution of total retail facilities according to the Bank›s internal rating categories as at 31 December 2020 and 2019:

Credit rating categories based on the bank›s internal system	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
31 December 2020	JD	JD	JD	JD
From (1) to (5)	14,645,900	2,279,800	-	16,925,700
From (6) to (7)	151	-	-	151
From (8) to (10)	-	-	3,541,597	3,541,597
Unrated	168,640,266	3,415,163	9,765,221	181,820,650
Total	**183,286,316**	**5,694,964**	**13,306,818**	**202,288,098**
31 December 2019				
From (1) to (5)	3,067,846	313,632	-	3,381,478
From (6) to (7)	-	-	-	-
From (8) to (10)	-	-	3,028,504	3,028,504
Unrated	141,043,476	4,399,722	9,260,199	154,703,397
Total	**144,111,322**	**4,713,354**	**12,288,703**	**161,113,378**

The following is the movement on expected credit loss provisions on retail credit facilities during the year ended 31 December 2020 and 2019:

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
31 December 2020	JD	JD	JD	JD
Balance at the beginning of the year	144,111,322	4,713,354	12,288,703	161,113,378
Expected credit losses on new facilities granted during the year	59,986,952	2,008,669	1,437,921	63,433,543
Recovered from expected credit losses on facilities settled during the year	(18,531,026)	(816,555)	(1,937,901)	(21,285,481)
Transferred to Stage 1	3,333,437	(2,574,954)	(758,482)	-
Transferred to stage 2	(3,116,993)	3,681,950	(564,957)	-
Transferred to stage 3	(2,497,376)	(1,317,501)	3,814,877	-
Changes resulting from adjustments	-	-	-	-
Write offs	-	-	(973,343)	(973,343)
Amendments resulting from changes in cur-rency exchange	-	-	-	-
Balance at the end of the year	**183,286,316**	**5,694,964**	**13,306,818**	**202,288,098**
31 December 2019				
Balance at the beginning of the year	118,126,274	4,225,553	13,429,099	135,780,926
New facilities granted during the year	50,339,948	636,385	791,840	51,768,173
Facilities settled during the year	(22,185,636)	(1,124,307)	(2,352,291)	(25,662,233)
Transferred to Stage 1	4,740,095	(2,665,451)	(2,074,644)	-
Transferred to stage 2	(3,654,457)	4,473,076	(818,619)	-
Transferred to stage 3	(3,254,902)	(831,903)	4,086,805	-
Changes resulting from adjustments	-	-	-	-
Write offs (transferred off the statement of financial position)	-	-	(773,486)	(773,486)
Amendments resulting from changes in cur-rency exchange	-	-	-	-
Balance at the end of the year	**144,111,322**	**4,713,354**	**12,288,703**	**161,113,378**

The following is the movement on expected credit loss provisions on retail credit facilities during the year ended 31 December 2020 and 2019:

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
31 December 2020	JD	JD	JD	JD
Balance at the beginning of the year	5,557,870	997,362	5,283,085	11,838,317
Expected credit losses on new facilities granted during the year	2,043,147	435,532	5,198,548	7,677,227
Recovered from expected credit losses on facilities settled during the year	(1,491,292)	(169,734)	(663,937)	(2,324,962)
Transferred to Stage 1	826,468	(551,037)	(275,432)	-
Transferred to stage 2	(97,795)	319,269	(221,474)	-
Transferred to stage 3	(92,893)	(290,758)	383,651	-
Changes resulting from adjustments	-	-	(802,609)	(802,609)
Write offs	-	-	-	-
Amendments resulting from changes in cur-rency exchange	-	-	-	-
Balance at the end of the year	**6,745,505**	**740,634**	**8,901,833**	**16,387,972**

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
31 December 2019	JD	JD	JD	JD
Balance at the beginning of the year	4,587,782	705,848	4,486,078	9,779,708
Expected credit losses on new facilities granted during the year	1,906,991	660,222	2,798,936	5,366,149
Recovered from expected credit losses on facilities settled during the year	(1,819,165)	(192,532)	(656,737)	(2,668,434)
Transferred to stage 1	1,152,646	(443,449)	(709,197)	-
Transferred to stage 2	(142,075)	422,409	(280,334)	-
Transferred to stage 3	(128,309)	(155,135)	283,445	-
Changes resulting from adjustments	-	-	-	-
Write offs	-	-	(639,106)	(639,106)
Amendments resulting from changes in cur-rency exchange	-	-	-	-
Balance at the end of the year	**5,557,870**	**997,362**	**5,283,085**	**11,838,317**

The following is a disclosure of the distribution of total real estate facilities according to the Bank›s internal classification categories as at 31 December

Credit rating categories based on the bank›s internal system	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
31 December 2020	JD	JD	JD	JD
From (1) to (5)	37,453,802	5,742,285	-	43,196,087
From (6) to (7)	59,500	18,433,999	-	18,493,499
From (8) to (10)	-	-	32,057,589	32,057,589
Unrated	104,831,396	7,344,788	15,232,400	127,408,584
Total	**142,344,699**	**31,521,072**	**47,289,989**	**221,155,759**
31 December 2019				
From (1) to (5)	57,130,328	4,651,993	-	61,782,322
From (6) to (7)	59,500	18,842,156	-	18,901,656
From (8) to (10)	-	-	28,696,061	28,696,061
Unrated	108,299,346	5,469,446	15,342,961	129,111,753
Total	**165,489,174**	**28,963,596**	**44,039,022**	**238,491,792**

The following is the disclosure of the movement on real estate facilities balances during the year ended 31 December 2020 and 2019:

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
31 December 2020	JD	JD	JD	JD
Balance at the beginning of the year	165,489,174	28,963,596	44,039,022	238,491,792
New facilities during the year	12,460,670	1,204,463	1,193,099	14,858,232
Facilities paid during the year	(24,942,933)	(2,530,051)	(4,649,275)	(32,122,259)
Transferred to stage 1	4,192,921	(3,143,222)	(1,049,699)	-
Transferred to stage 2	(9,815,244)	11,225,560	(1,410,316)	-
Transferred to stage 3	(5,039,890)	(4,199,274)	9,239,164	-
Changes resulting from adjustments	-	-	-	-
Write offs	-	-	(72,006)	(72,006)
Amendments resulting from changes in cur-rency exchange	-	-	-	-
Balance at the end of the year	**142,344,699**	**31,521,072**	**47,289,989**	**221,155,759**

31 December 2019	JD	JD	JD	JD
Balance at the beginning of the year	165,815,208	26,129,531	51,439,827	243,384,566
New facilities during the year	27,849,139	1,726,558	3,064,350	32,640,047
Facilities paid during the year	(29,967,432)	(5,578,260)	(1,987,129)	(37,532,821)
Transferred to Stage 1	11,805,773	(9,010,075)	(2,795,698)	-
Transferred to stage 2	(6,511,886)	18,787,555	(12,275,669)	-
Transferred to stage 3	(3,501,628)	(3,091,712)	6,593,341	-
Changes resulting from adjustments	-	-	-	-
Write offs	-	-	-	-
Amendments resulting from changes in cur-rency exchange	-	-	-	-
Balance at the end of the year	**165,489,174**	**28,963,596**	**44,039,022**	**238,491,792**

The following is the movement on the expected credit loss provisions of real estate facilities during the year ended 31 December 2020 and 2019:

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
31 December 2020	JD	JD	JD	JD
Balance at the beginning of the year	1,099,270	2,027,354	12,599,322	15,725,946
Expected credit losses on new facilities dur-ing the year	572,682	1,003,754	7,219,931	8,796,367
Recovered from expected credit losses on facilities paid during the year	(510,467)	(98,732)	(896,665)	(1,505,864)
Transferred to stage 1	288,026	(140,350)	(147,675)	-
Transferred to stage 2	(101,558)	250,167	(148,609)	-
Transferred to stage 3	(53,587)	(138,200)	191,786	-
Changes resulting from adjustments	-	-	-	-
Write offs	-	-	(55,164)	(55,164)
Amendments resulting from changes in cur-rency exchange	-	-	-	-
Balance at the end of the year	**1,294,366**	**2,903,994**	**18,762,925**	**22,961,285**

31 December 2019	JD	JD	JD	JD
Balance at the beginning of the year	1,286,251	869,429	12,022,160	14,177,840
Expected credit losses on new facilities dur-ing the year	385,703	655,277	2,362,435	3,403,415
Recovered from expected credit losses on facilities paid during the year	(997,558)	(62,722)	(795,028)	(1,855,309)
Transferred to stage 1	721,193	(541,782)	(179,411)	-
Transferred to stage 2	(99,881)	1,271,290	(1,171,410)	-
Transferred to stage 3	(196,438)	(164,139)	360,577	-
Changes resulting from adjustments	-	-	-	-
Bad facilities provision	-	-	-	-
Amendments resulting from changes in cur-rency exchange	-	-	-	-
Balance at the end of the year	**1,099,270**	**2,027,354**	**12,599,322**	**15,725,946**

The following is a disclosure of the distribution of the total large companies' facilities according to the bank›s internal classification categories as at 31 December 2020 and 2019:

Credit rating categories based on the bank›s internal system	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
31 December 2020	JD	JD	JD	JD
From (1) to (5)	738,169,607	11,512,001	-	749,681,608
From (6) to (7)	81,921,445	83,458,860	-	165,380,304
From (8) to (10)	-	-	112,430,264	112,430,264
Unrated	87,247	10	301,397	388,655
Total	**820,178,299**	**94,970,871**	**112,731,661**	**1,027,880,830**

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
31 December 2019	JD	JD	JD	JD
From (1) to (5)	739,309,293	13,002,634	-	752,311,927
From (6) to (7)	120,005,494	95,081,756	-	215,087,250
From (8) to (10)	-	-	76,059,430	76,059,430
Unrated	54,504	11,961	306,974	373,439
Total	**859,369,291**	**108,096,351**	**76,366,404**	**1,043,832,046**

The following is the disclosure of the movement on the large companies facilities balances during the year ended 31 December 2020 and 2019:

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
31 December 2020	JD	JD	JD	JD
Balance at the beginning of the year	859,369,291	859,369,291	76,366,404	1,043,832,046
New facilities during the year	94,467,768	94,467,768	3,614,486	101,824,505
Facilities paid during the year	(111,193,526)	(111,193,526)	(676,225)	(117,775,721)
Transferred to stage 1	5,432,581	5,432,581	(4,855)	-
Transferred to stage 2	(21,716,555)	(21,716,555)	(1,968,214)	-
Transferred to stage 3	(6,181,260)	(6,181,260)	35,400,066	-
Changes resulting from adjustments	-	-	-	-
Write offs	-	-	-	-
Amendments resulting from changes in cur-rency exchange	-	-	-	-
Balance at the end of the year	**820,178,298**	**820,178,298**	**112,731,661**	**1,027,880,830**
31 December 2019				
Balance at the beginning of the year	919,447,360	93,415,047	85,416,251	-
New facilities during the year	118,041,241	3,705,762	4,890,803	126,637,806
Facilities paid during the year	(155,629,376)	(4,510,939)	(10,653,867)	(170,794,182)
Transferred to stage 1	8,894,025	(8,786,213)	(107,812)	-
Transferred to stage 2	(30,971,254)	36,154,982	(5,183,728)	-
Transferred to stage 3	(412,706)	(11,882,288)	12,294,993	-
Changes resulting from adjustments	-	-	-	-
Write offs	-	-	(10,290,237)	(10,290,237)
Amendments resulting from changes in cur-rency exchange	-	-	-	-
Balance at the end of the year	**859,369,291**	**108,096,351**	**76,366,404**	**1,043,832,046**

The following is the disclosure of the movement on the provision for expected credit losses of large companies facilities during the year ended 31 December 2020 and 2019:

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
31 December 2020	JD	JD	JD	JD
Balance at the beginning of the year	3,620,708	7,411,315	33,413,538	44,445,561
Expected credit losses on new facilities dur-ing the year	2,854,930	3,089,846	19,108,488	25,053,263
Recovered from expected credit losses on facilities paid during the year	(448,797)	(494,451)	(947,658)	(1,890,905)
Transferred to stage 1	56,193	(54,411)	(1,782)	-
Transferred to stage 2	(168,511)	652,390	(483,878)	-
Transferred to stage 3	(76,864)	(4,699,693)	4,776,557	-
Changes resulting from adjustments	-	-	-	-
Write offs	-	-	-	-
Amendments resulting from changes in cur-rency exchange	-	-	-	-
Balance at the end of the year	**5,837,658**	**5,904,996**	**55,865,265**	**67,607,919**
31 December 2019				
Balance at the beginning of the year	2,823,877	2,894,948	39,897,074	45,615,899
Expected credit losses on new facilities dur-ing the year	1,587,305	4,895,768	4,982,916	11,465,989
Recovered from expected credit losses on facilities paid during the year	(583,055)	(607,039)	(1,254,316)	(2,444,410)
Transferred to stage 1	180,934	(109,779)	(71,155)	-
Transferred to stage 2	(387,815)	921,630	(533,816)	-
Transferred to stage 3	(539)	(584,213)	584,752	-
Changes resulting from adjustments	-	-	-	-
Write offs	-	-	(10,191,918)	(10,191,918)
Amendments resulting from changes in cur-rency exchange	-	-	-	-
Balance at the end of the year	**3,620,708**	**7,411,315**	**33,413,538**	**44,445,561**

The following is a disclosure of the distribution of total SME facilities according to the Bank›s internal classification categories as at 31 December 2020 and 2019:

Credit rating categories based on the bank›s internal system	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
31 December 2020	JD	JD	JD	JD
From (1) to (5)	94,245,332	8,398,695	-	102,644,027
From (6) to (7)	11,215,228	4,637,768	-	15,852,997
From (8) to (10)	-	-	13,399,087	13,399,087
Unrated	55,000	14,502	470,827	540,329
Total	**105,515,560**	**13,050,966**	**13,869,914**	**132,436,439**

Credit rating categories based on the bank›s internal system	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
31 December 2019	JD	JD	JD	JD
From (1) to (5)	69,154,077	4,832,102	-	73,986,180
From (6) to (7)	9,080,671	3,725,113	-	12,805,784
From (8) to (10)	-	-	10,561,008	10,561,008
Unrated	229,492	20,558	205,184	455,235
Total	**78,464,240**	**8,577,774**	**10,766,193**	**97,808,207**

The following is the disclosure of the movement on SME facilities balances during the year ended 31 December 2020 and 2019:

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
31 December 2020	JD	JD	JD	JD
Balance at the beginning of the year	78,464,240	8,577,774	10,766,193	97,808,208
New facilities during the year	55,638,906	3,507,992	1,294,495	60,441,392
Facilities paid during the year	(22,436,868)	(1,247,742)	(2,023,559)	(25,708,169)
Transferred to stage 1	2,625,551	(2,446,914)	(178,637)	-
Transferred to stage 2	(5,518,311)	5,854,238	(335,927)	-
Transferred to stage 3	(3,257,958)	(1,194,382)	4,453,297	957
Changes resulting from adjustments	-	-	-	-
Write offs	-	-	(105,948)	(105,948)
Amendments resulting from changes in cur-rency exchange	-	-	-	-
Balance at the end of the year	**105,515,560**	**13,050,966**	**13,869,913**	**132,436,439**
31 December 2019				
Balance at the beginning of the year	77,526,155	7,889,290	9,661,986	95,077,431
New facilities during the year	23,505,554	1,950,720	1,343,621	26,799,895
Facilities paid during the year	(16,393,121)	(3,031,172)	(3,606,299)	(23,030,592)
Transferred to stage 1	3,043,453	(2,284,834)	(758,619)	-
Transferred to stage 2	(4,906,517)	5,398,040	(491,523)	-
Transferred to stage 3	(4,311,282)	(1,344,270)	5,655,552	-
Changes resulting from adjustments	-	-	-	-
Write offs	-	-	(1,038,525)	(1,038,525)
Amendments resulting from changes in cur-rency exchange	-	-	-	-
Balance at the end of the year	**78,464,240**	**8,577,774**	**10,766,193**	**97,808,208**

The following is the disclosure of the movement on the provision for expected credit losses of SME facilities during the year ended 31 December 2020 and 2019:

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
31 December 2020	JD	JD	JD	JD
Balance at the beginning of the year	222,586	410,975	4,183,419	4,816,981
Expected credit losses on new facilities dur-ing the year	422,462	425,237	3,199,634	4,047,333
Recovered from expected credit losses on facilities paid during the year	(158,788)	(212,675)	(355,776)	(727,239)
Transferred to stage 1	130,016	(21,282)	(108,734)	-
Transferred to stage 2	(22,622)	231,705	(209,084)	-
Transferred to stage 3	(47,075)	(15,065)	63,098	957
Changes resulting from adjustments	-	-	-	-
Write offs	-	-	(100,862)	(100,862)
Amendments resulting from changes in cur-rency exchange	-	-	-	-
Balance at the end of the year	**546,579**	**818,895**	**6,671,695**	**8,037,169**
31 December 2019				
Balance at the beginning of the year	303,990	358,260	4,329,109	4,991,359
Expected credit losses on new facilities dur-ing the year	259,090	71,014	2,642,231	2,972,335
Recovered from expected credit losses on facilities paid during the year	(404,301)	(394,310)	(1,408,023)	(2,206,633)
Transferred to stage 1	237,573	(4,795)	(232,778)	-
Transferred to stage 2	(37,400)	413,191	(375,791)	-
Transferred to stage 3	(136,367)	(32,385)	168,752	-
Changes resulting from adjustments	-	-	-	-
Write offs	-	-	(940,080)	(940,080)
Amendments resulting from changes in cur-rency exchange	-	-	-	-
Balance at the end of the year	**222,586**	**410,975**	**4,183,419**	**4,816,981**

The following is a disclosure of the distribution of total government and public sector facilities according to the Bank›s internal classification categories as at 31 December 2020 and 2019:

Credit rating categories based on the bank›s internal system	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
31 December 2020	JD	JD	JD	JD
From (1) to (5)	62,438,870	-	-	62,438,870
From (6) to (7)	50,000,000	-	-	50,000,000
From (8) to (10)	-	-	-	-
Unrated	-	-	-	-
Total	**112,438,870**	**-**	**-**	**112,438,870**

Credit rating categories based on the bank›s internal system	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
31 December 2019	JD	JD	JD	JD
From (1) to (5)	78,438,162	-	-	78,438,162
From (6) to (7)	50,000,000	-	-	50,000,000
From (8) to (10)	-	-	-	-
Unrated	-	-	-	-
Total	**128,438,162**	**-**	**-**	**128,438,162**

The following is the disclosure of the movement on government and public sector facilities balances during the year ended 31 December 2020 and 2019**:**

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
31 December 2020	JD	JD	JD	JD
Balance at the beginning of the year	128,438,162	-	-	128,438,162
New facilities during the year	708	-	-	-
Facilities paid during the year	(16,000,000)	-	-	-
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Write offs	-	-	-	-
Amendments resulting from changes in cur-rency exchange	-	-		-
Balance at the end of the year	**112,438,870**	**-**	**-**	**112,438,870**
31 December 2019				
Balance at the beginning of the year	146,795,699	-	-	-
New facilities during the year	3,892,552	-	-	3,892,552
Facilities paid during the year	(22,250,089)	-	-	(22,250,089)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Write offs	-	-	-	-
Amendments resulting from changes in cur-rency exchange	-	-	-	-
Balance at the end of the year	**128,438,162**	**-**	**-**	**128,438,162**

The following is the disclosure of the movement on the provision for expected credit losses of government and public sector facilities during the year ended 31 December 2020 and 2019:

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
31 December 2020	JD	JD	JD	JD
Balance at the beginning of the year	403,242	-	-	403,242
Expected credit losses on new facilities dur-ing the year	-	-	-	-
Recovered from expected credit losses on facilities paid during the year	(295,815)	-	-	(295,815)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Write offs	-	-	-	-
Amendments resulting from changes in cur-rency exchange	-	-	-	-
Balance at the end of the year	**107,426**	**-**	**-**	**107,426**
31 December 2019				
Balance at the beginning of the year	432,523	-	-	432,523
Expected credit losses on new facilities dur-ing the year	-	-	-	-
Recovered from expected credit losses on facilities paid during the year	(29,281)	-	-	(29,281)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Write offs	-	-	-	-
Amendments resulting from changes in cur-rency exchange	-	-	-	-
Balance at the end of the year	**403,242**	**-**	**-**	**403,242**

* Based on the instructions of the Central Bank of Jordan related to the application of IFRS (9), no provision was calculated for expected credit losses on credit facilities granted or guaranteed by the Jordanian government.

(9) Financial assets at fair value through other comprehensive income

	31 December 2020	31 December 2019
	JD	JD
Shares listed in an active market	17,784,848	18,608,695
Shared unlisted	25,505,244	27,206,325
Total shares	43,290,092	45,815,020
Bonds listed in active markets	30,385,997	38,030,583
Bonds unlisted in active markets	14,180,155	13,720,000
Total bonds (debt instruments)	44,566,152	51,750,583
Expected credit losses for debt instruments	(1,988,969)	(1,441,297)
Total net debt instruments	42,577,182	50,309,286
Total financial assets at fair value through other comprehensive in-come	85,867,274	96,124,306
Analysis of bills and bonds:		
Fixed rate	30,385,997	38,030,583
floating rate	14,180,155	13,720,000
Total	**44,566,152**	**51,750,583**

- Total income realized from the sale of shares at fair value through comprehensive income amounted to JD 7,315 during the year 2020 compared to JD 5,897,063 during the year 2019, which were credited directly to retained earnings in the consolidated statement of equity.

- Total losses realized from sale of bonds at fair value through comprehensive income amounted (JD 407,041) compared to JD 91,329 in profits during the year 2019 that were credited directly in the consolidated statement of income.

- Cash dividends on the above investments amounted to (JD 2,768,310) for the year ended 31 December 2020 (JD 1,878,337 for the year ended 31 December 2019).

The following is a disclosure of the distribution of total debt instruments at fair value through other comprehensive income according to the Bank›s internal classification categories as at 31 December 2020 and 2019:

Credit rating categories based on the bank's internal system	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
31 December 2020	JD	JD	JD	JD
From (1) to (5)	5,238,582	-	-	5,238,582
From (6) to (7)	29,172,901	-	-	29,172,901
From (8) to (10)	-	-	-	10,154,668
Unrated	-	-	10,154,668	-
Total	**34,411,484**	**-**	**10,154,668**	**44,566,152**
31 December 2019				
From (1) to (5)	3,157,326	-	-	3,157,326
From (6) to (7)	30,276,538	9,584,794	8,720,000	48,581,331
From (8) to (10)	-	-	11,925	11,925
Unrated	-	-	-	-
Total	**33,433,864**	**9,584,794**	**8,731,925**	**51,750,583**

The following is the disclosure of movement in the balance of debt instruments at fair value through other comprehensive income for the years ended 31 December 2020 and 2019:

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
31 December 2020	JD	JD	JD	JD
Fair value at beginning of the year	33,433,864	9,584,794	8,731,925	51,750,583
New debt instruments during the year	8,210,475	-	474,456	8,684,931
Paid debt instruments during the year	(7,232,856)	(6,429,744)	(2,206,763)	(15,869,362)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	(3,155,050)	3,155,050	-
Changes resulting from adjustments	-	-	-	-
Write offs	-	-	-	-
Fair value at end of the year	**34,411,484**	**-**	**10,154,668**	**44,566,152**
31 December 2019				
Fair value at beginning of the year	61,404,541	9,598,088	11,041,800	82,044,429
New debt instruments during the year	3,194,508	327,912	-	3,522,420
Paid debt instruments during the year	(25,502,047)	(6,004,344)	(2,309,875)	(33,816,266)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	(5,663,138)	5,663,138	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Write offs	-	-	-	-
Fair value at end of the year	**33,433,864**	**9,584,794**	**8,731,925**	**51,750,583**

The following is the disclosure of the movement in the provision for expected credit losses for debt instruments at fair value through other comprehensive income during the years ended 31 December 2020 and 2019:

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
31 December 2020	JD	JD	JD	JD
Balance at the beginning of the year	81,629	440,745	918,923	1,441,297
Expected credit losses on new debt instru-ments during the year	62,332	-	5,894,628	5,956,960
Recovered from expected credit losses on debt instruments paid during the year*	(47,529)	(126,315)	-	(173,844)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	(314,430)	314,430	-
Changes resulting from adjustments	-	-	-	-
Write offs	-	-	-	-
Balance at the end of the year	**96,432**	**-**	**7,127,980**	**7,224,413**
Distributed:				
From valuation reserve to the statement of income			5,235,443	5,235,443
Net expected credit losses balance as at the end of the period	96,432	-	1,892,537	1,988,969
31 December 2019				
Balance at the beginning of the year	282,562	296,345	1,245,384	1,824,291
Expected credit losses on new debt instru-ments during the year	1,010	187,956	-	188,965
Recovered from expected credit losses on debt instruments paid during the year*	(75,468)	(170,030)	(326,461)	(571,959)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	(126,474)	126,474	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Write offs	-	-	-	-
Balance at the end of the year	**81,629**	**440,745**	**918,923**	**1,441,297**

* The Bank has not calculated expected credit loss provisions on debt instruments issued by the Jordanian government in accordance with the Central Bank of Jordan›s instructions regarding the application of IFRS (9).

(10) Financial assets at amortised cost

	31 December 2020	31 December 2019
	JD	JD
Financial assets with available market prices:		
Corporate loans bonds	-	-
Total financial assets with available market prices	-	-
Financial assets with no available market prices:		
Bills and treasury bonds	402,110,610	308,656,110
Corporate loans bonds	-	-
Total financial assets with no available market prices	402,110,610	308,656,110
Expected credit loss provisions	-	-
Total	402,110,610	308,656,110
Analysis of bills and bonds:		
With fixed rate	402,110,610	308,656,110
With floating rate	-	-
Total	**402,110,610**	**308,656,110**

- The following is a disclosure of the distribution of total financial assets at amortised cost according to the Bank›s internal classification categories as at 31 December 2020 and 2019.

Credit rating categories based on the bank›s internal system	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
31 December 2020	JD	JD	JD	JD
From (1) to (5)	402,110,610	-	-	402,110,610
From (6) to (7)	-	-	-	-
From (8) to (10)	-	-	-	-
Unrated	-	-	-	-
Total	**402,110,610**	**-**	**-**	**402,110,610**
31 December 2019				
From (1) to (5)	-	-	-	-
From (6) to (7)	308,656,110	-	-	308,656,110
From (8) to (10)	-	-	-	-
Unrated	-	-	-	-
Total	**308,656,110**	**-**	**-**	**308,656,110**

The following is the disclosure of the movement on financial assets at amortised cost balance during the years ended 31 December 2020 and 2019:

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
31 December 2020	JD	JD	JD	JD
Balance at the beginning of the year	308,656,110	-	-	308,656,110
New investments during the year	199,896,282	-	-	199,896,282
Paid investments during the year	(106,441,782)	-	-	(106,441,782)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Write offs	-	-	-	-
Balance at the end of the year	**402,110,610**	**-**	**-**	**402,110,610**
31 December 2019				
Balance at the beginning of the year	293,056,876	-	-	293,056,876
New investments during the year	90,968,313	-	-	90,968,313
Paid investments during the year	(75,369,079)	-	-	(75,369,079)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Write offs	-	-	-	-
Balance at the end of the year	**308,656,110**	**-**	**-**	**308,656,110**

The following is the disclosure of the movement on the provision for expected credit losses of financial assets at amortised cost during the years ended 31 December 2020 and 2019:

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
31 December 2020	JD	JD	JD	JD
Balance at the beginning of the year	-	-	-	-
Expected credit losses on new investments during the year	-	-	-	-
Recovered from expected credit losses on investments paid during the year	-	-	-	-
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Write offs	-	-	-	-
Balance at the end of the year	-	-	-	-
31 December 2019				
Balance at the beginning of the year	8,016	-	-	8,016
Expected credit losses on new investments during the year	-	-	-	-
Recovered from expected credit losses on investments paid during the year	(8,016)	-	-	(8,016)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Write offs	-	-	-	-
Balance at the end of the year	-	-	-	-

* Based on the instructions of the Central Bank of Jordan related to the application of IFRS (9), no expected credit loss provisions were calculated on the Jordanian government treasury bonds and bills.

The following is the disclosure of the movement on investments balance during the years ended 31 December 2020 and 2019:

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
31 December 2020	JD	JD	JD	JD
Balance at the beginning of the year	342,089,978	9,584,794	8,731,925	360,406,696
New investments during the year	208,106,754		474,456	208,581,209
Investments matured during the year	(113,674,637)	(6,429,744)	(2,206,763)	(122,311,144)
Change in fair value	-	-	-	-
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	(3,155,050)	3,155,050	-
Changes resulting from adjustments	-	-	-	-
Write offs	-	-	-	-
Balance at the end of the year	**436,522,094**	**-**	**10,154,668**	**446,676,762**
31 December 2019				
Balance at the beginning of the year	354,461,417	9,598,088	11,041,800	375,101,306
New investments during the year	94,162,819	327,912	-	94,490,731
Investments matured during the year	(100,871,126)	(6,004,344)	(2,309,875)	(109,185,346)
Change in fair value	-	-	-	-
Transferred to stage 1	-	-	-	-
Transferred to stage 2	(5,663,138)	5,663,138	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Write offs	-	-	-	-
Balance at the end of the year	**342,089,972**	**9,584,794**	**8,731,925**	**360,406,691**

The following is the disclosure of the movement on investments expected credit losses during the year ended 31 December 2020 and 2019:

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
31 December 2020	JD	JD	JD	JD
Balance at the beginning of the year	81,629	440,745	918,923	1,441,297
New investments during the year	62,332		5,894,628	5,956,960
Investments matured during the year	(47,529)	(126,315)		(173,844)
Transferred to stage 1	-	-		0
Transferred to stage 2	-	-	-	0
Transferred to stage 3	-	(314,430)	314,430	0
Changes resulting from adjustments	-	-	-	0
Write offs				0
Balance at the end of the year	96,432	0	7,127,980	7,224,412

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
31 December 2019				
Balance at the beginning of the year	290,578	296,345	1,245,384	1,832,307
New investments during the year	1,010	187,956	-	188,965
Investments matured during the year	(83,484)	(170,030)	(326,461)	(579,975)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	(126,474)	126,474	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Write offs	-	-	-	-
Balance at the end of the year	81,629	440,745	918,923	1,441,297

(11) Property and equipment- net

A - The details of this item are as follows:

	Lands	Buildings	Equipment, devices and furniture	Vehicles	Devices and Computers	Leasehold im-provements	Total
31 December 2020	JD	JD	JD	JD	JD	JD	JD
Cost:							
Balance at the beginning of the year	4,136,712	11,379,902	16,301,245	1,195,925	15,844,712	17,010,404	65,868,899
Additions	-	3,168,207	221,957	50,214	988,619	1,839,142	6,268,139
Less: disposals	-	-	66,715	57,680	1,607	-	126,001
Balance at the end of the year	**4,136,712**	**14,548,109**	**16,456,487**	**1,188,459**	**16,831,725**	**18,849,546**	**72,011,037**
Accumulated depreciation							
Balance at the beginning of the year	-	2,514,922	10,092,838	840,814	13,449,383	14,196,791	41,094,747
Depreciation for the year	-	193,191	1,226,597	124,407	1,031,225	1,414,932	3,990,351
Less: disposals	-	-	56,429	49,630	8,168	-	114,227
Balance at the end of the year	**-**	**2,708,112**	**11,263,006**	**915,590**	**14,472,440**	**15,611,723**	**44,970,871**
Net book value of property and equip-ment	4,136,712	11,839,996	5,193,481	272,869	2,359,285	3,237,823	27,040,166
Add: Payments on purchase account of property and equipment	-	-	1,487,532	-	-	-	1,487,532
Net book value of property and equipment at the end of the year	**4,136,712**	**11,839,996**	**6,681,013**	**272,869**	**2,359,285**	**3,237,823**	**28,527,698**
Annual depreciation rate ٪	-	3	15-19	15	20	20	

Fully depreciated assets as at 31 December 2020 amounted to JD 30,914,613 compared to JD 27,494,650 as at 31 December 2019.

	Lands	Buildings	Equipment, devices and furniture	Vehicles	Devices and Computers	Leasehold im-provements	Total
31 December 2019	JD	JD	JD	JD	JD	JD	JD
Cost:							
Balance at the beginning of the year	3,046,712	10,483,891	15,495,262	1,191,917	15,441,583	16,463,409	62,122,773
Additions	1,090,000	896,011	697,301	4,008	387,171	546,995	3,621,486
Less: disposals	-	-	108,682	-	15,958	-	124,640
Balance at the end of the year	**4,136,712**	**11,379,902**	**16,301,245**	**1,195,925**	**15,844,712**	**17,010,404**	**65,868,899**
Accumulated depreciation							
Balance at the beginning of the year	-	2,305,739	8,829,950	717,252	11,929,893	12,722,309	36,505,142
Depreciation for the year	-	209,183	1,238,656	123,562	1,505,593	1,474,482	4,551,476
Less: disposals	-	-	24,232	-	13,897	-	38,129
Balance at the end of the year	**-**	**2,514,922**	**10,092,838**	**840,814**	**13,449,383**	**14,196,791**	**41,094,747**
Net book value of property and equip-ment	4,136,712	8,864,980	6,039,506	355,111	2,391,207	2,813,613	24,601,130
Add: Payments on purchase account of property and equipment	-	-	2,110,468	-	-	-	2,110,468
Net book value of property and equipment at the end of the year	**4,136,712**	**8,864,980**	**8,149,974**	**355,111**	**2,391,207**	**2,813,613**	**26,711,598**

(12) Intangible assets – net

The details of this item are as follows:

	Software and programmes	
	31 December 2020	31 December 2019
31 December 2020	JD	JD
Balance at the beginning of the year	1,357,766	3,020,319
Additions	1,332,250	361,751
Amortisation for the year	725,298	2,024,304
Balance at the end of the year	**1,964,717**	**1,357,766**
Annual amortization rate ٪	20-33	

(13) Leased assets and liabilities

The Bank implemented IFRS (16) "Leases" as at 1 January 2019. The application resulted in the recognition of the right to use of the leased assets amounting to JD 13,347,577 and the liabilities arising against it amounting to JD 12,389,957 as at 31 December 2020, the recognized amounts represent the present value of the expected future payments on the basis of each contract separately using a discount rate equivalent to the incremental borrowing rate of the Bank.

All contracts that were processed under IFRS 16 represent the leasing of locations and branches of the Bank. The Bank chose to use the exemption available in the standard by not recognizing the right of use leased assets for contracts of less than one year with immaterial amounts.

Assets recognised in the financial position are amortized using the straight-line method and over the expected period of the right of use, for each asset, as the value of amortization for the period amounted to JD 2,234,124.

The liability is amortized by reducing the payments made to the lessor, less interest resulting from the present value. Interest expense amounted to JD 1,085,669.

(14) Other assets

The details of this item are as follows:

	31 December 2020	31 December 2019
	JD	JD
Accrued interest	25,013,351	16,941,733
Prepaid expenses	1,867,437	2,102,357
Assets seized by the Bank in settlement of debts, net	133,538,182	136,505,006
Debtors*	3,918,612	2,125,082
Clearing cheques	301,063	306,891
Others*	5,936,309	5,351,063
Total	**170,574,955**	**163,332,131**

* Items of debtors and other assets include balances pertaining to subsidiaries amounting to JD 68,636 as at 31 December 2020 compared to (JD 77,732) as at 31 December 2019.

Below is the movement on the assets seized by the Bank:

	2020		
	Seized properties	Other seized assets	Total
	JD	JD	JD
Balance at the beginning of the year - net	136,505,006	-	136,505,006
Additions	2,497,686	-	2,497,686
Disposals	(5,099,082)	-	(5,099,082)
Recovered from provision in accordance with the instructions of the Central Bank of Jordan**	-	-	-
Additional provision for seized assets	(365,428)	-	(365,428)
Impairment	-	-	-
Balance at the end of the year	**133,538,182**	**-**	**133,538,182**

	2019		
	Seized properties	Other seized assets	Total
	JD	JD	JD
Balance at the beginning of the year - Net	141,458,722	832,554	142,291,276
Additions	3,836,717	-	3,836,717
Disposals	(10,549,540)	(832,554)	(11,382,094)
Recovered from provision in accordance with the instructions of the Central Bank of Jordan**	1,910,542	-	1,910,542
Additional provision for seized assets	500,000	-	500,000
Impairment	(651,435)	-	(651,435)
Balance at the end of the year	**136,505,006**	**-**	**136,505,006**

* This item represents the sale of shares acquired in a local bank with a profit of 52,050 dinars during the year 2019.

** Assets that have been seized by the Bank against debts are stated in the consolidated statement of financial position within other assets at the acquisition cost or the fair value, whichever is lesser, and are revalued on the date of the consolidated financial statements individually. Any impairment in their value is recorded as a loss in the consolidated statement of income and any appreciation in value is not recorded as income. The subsequent increase is taken to the consolidated statement of income to the extent that it does not exceed the value of the previously recorded impairment. As of the beginning of 2015, a gradual provision was made for real estate seized for more than 4 years against debts according to the Circular of the Central Bank of Jordan No. 407615/1/ dated 27 March 2014 and No. 251010/1/ dated 14 February 2017. It is to be noted that the Central Bank of Jordan issued Circular No. 1396710/1/ dated 25 October 2019, in which the Central Bank acknowledged the enforceability of the circular No. 1660710/1/ dated 17 December 2017, in which the Central Bank confirmed the deferment of the calculation of the provision until the end of the year 2020. According to the Central Bank's Circular No. 1623910/1/ dated 21 November 2020, deduction of the required provisions against real estate acquired is to be provided for at a rate of (5%) of the total book value of these seized properties (regardless of the violation period) as of the year 2021, so that the required percentage of 50% of these properties are to be reached by the end of the year 2029.

(15) Bank and financial institutions deposits

	31 December 2020		
	Inside the King-dom	Outside the Kingdom	Total
	JD	JD	JD
Current and at call accounts	-	25,995,596	25,995,596
Term deposits*	24,815,000	122,877,081	147,692,081
Total	**24,815,000**	**148,872,677**	**173,687,677**

	31 December 2019		
	Inside the King-dom	Outside the Kingdom	Total
	JD	JD	JD
Current and at call accounts	-	16,096,467	16,096,467
Term deposits*	28,398,353	96,742,694	125,141,047
Total	**28,398,353**	**112,839,161**	**141,237,514**

* Deposits maturing within a period of more than 3 months amounted to JD 126,893,677 as at 31 December 2020, compared to JD 44,704,000 as at 31 December 2019.

(16) Customers' deposits

	31 December 2020				
		Corporates		Government and	
	Individuals	Large	SMEs	public sector	Total
	JD	JD	JD	JD	JD
Current and at call accounts	264,911,036	128,604,511	201,007,560	2,185,827	596,708,934
Saving deposits	170,693,583	224,385	3,828,672	1,320,951	176,067,591
Term and notice deposits	714,346,562	243,313,314	84,195,942	62,869,582	1,104,725,400
Certificates of deposit	48,558	-	-	-	48,558
Total	**1,149,999,739**	**372,142,209**	**289,032,174**	**66,376,361**	**1,877,550,483**

	31 December 2019				
		Corporates		Government and	
	Individuals	Large	SMEs	public sector	Total
	JD	JD	JD	JD	JD
Current and at call accounts	263,876,628	94,848,724	219,980,556	4,161,083	582,866,991
Saving deposits	158,239,117	204,904	3,703,971	1,376,025	163,524,017
Term and notice deposits	719,378,149	225,482,375	106,765,764	68,027,206	1,119,653,494
Certificates of deposit	48,004	-	-	-	48,004
Total	**1,141,541,898**	**320,536,003**	**330,450,291**	**73,564,314**	**1,866,092,506**

- The Jordanian government and public sector deposits within the Kingdom amounted to JD 66,376,361, i.e. 3.5% of total deposits as at 31 December 2020 (JD 73,564,314, i.e. 3.9% as at 31 December 2019).
- The non-interest bearing deposits amounted to JD 543,698,415, i.e. 29% of total deposits as at 31 December 2020 (JD 543,086,134, i.e. 29.1% as at 31 December 2019).
- The deposits (restricted) amounted to JD 27,228,796, i.e. 1.5% of the total deposits as at 31 December 2020 (JD 27,252,952, i.e. 1.5% as at 31 December 2019).
- Dormant deposits amounted to JD 61,461,964 as at 31 December 2020 (JD 42,925,851 as at 31 December 2019).

(17) Cash margins

	31 December 2020 JD	31 December 2019 JD
Cash margins against direct facilities	51,630,723	54,996,430
Cash margins against indirect facilities	22,264,594	27,182,192
Total	**73,895,317**	**82,178,622**

(18) Borrowed funds

Borrowings were obtained under agreements signed with the Central Bank of Jordan and the Jordanian Mortgage Refinance Company, as well as other local banks for periods ranging from less than one year up to 19 years, for the purpose of financing SMEs. They also include advances obtained from the Central Bank of Jordan for a two years period for the purpose of financing SMEs in a medium term financing schedule as follows:

	Loan Amount	Number of Installments		Periodic payment of instalments	Collaterals	Interest rate	Fixed/ Variable
		Total	Remaining				
31 December 2020	JD						
Loan from Central Bank of Jordan	2,800,000	20	14	Semi annual	-	2.07%	Variable
Loan from Central Bank of Jordan	1,530,000	14	7	Semi annual	-	2.51%	Fixed
Loan from Central Bank of Jordan	4,430,325	20	19	Semi annual	-	2.11%	Variable
Loan from Central Bank of Jordan	4,426,400	34	34	Semi annual	-	3.00%	Fixed
Loan from Central Bank of Jordan	500,000	30	30	Semi annual	-	1.67%	Variable
Advances from Central Bank of Jordan	1,000,000	4	4	Under repayment of tranches - every 6 months for 2 years	Promissory notes on demand	0.50%	Fixed
Advances from Central Bank of Jordan	1,000,000	20	7	Under repayment of tranches - every 6 months for 10 years	Promissory notes on demand	0.50%	Fixed
Advances from Central Bank of Jordan	390,460	13	1	Under repayment of tranches - every 9 months for 10 years	Promissory notes on demand	0.50%	Fixed
Advances from Central Bank of Jordan	1,219,129	12	7	Monthly payments for 1 year	Promissory notes on demand	0.50%	Fixed
Advances from Central Bank of Jordan	3,379,170	60	46	Monthly payments for 5 year	Promissory notes on demand	0.50%	Fixed
Advances from Central Bank of Jordan	7,754,497	120	77	Monthly payments for 10 year	Promissory notes on demand	0.50%	Fixed
Advances from Central Bank of Jordan	561,982	12	3	Monthly payments for 1 year	Promissory notes on demand	1.00%	Fixed
Advances from Central Bank of Jordan	5,671,715	60	9	Monthly payments for 5 year	Promissory notes on demand	1.00%	Fixed
Advances from Central Bank of Jordan	820,500	120	28	Monthly payments for 10 year	Promissory notes on demand	1.00%	Fixed
Advances from Central Bank of Jordan - Covid 19	11,418,314	12	12	Monthly payments for 1 year	-	0.00%	Without interest
Advances from Central Bank of Jordan - Covid 19	9,755,013	36	36	Monthly payments for 3 year	-	0.00%	Without interest
Loan from Jordan Mortgage Refinance	20,000,000	1	1	Paid on one instalment during 2022	-	4.23%	Fixed
Loan from Jordan Mortgage Refinance	10,000,000	1	1	Paid on one instalment during 2022	-	4.23%	Fixed
Loan from Jordan Mortgage Refinance	10,000,000	1	1	Paid on one instalment during 2024	-	6.45%	Fixed
Bank Audi	961,452	36	19-26	Paid on 36 instalment as of the date of utilization	-	6.50%	Variable
961,452	11,659,810	24-36	16-33	Paid on 24 - 36 instalment as of the date of utilization	-	6.25%	Variable
Housing Bank for Trade & Finance	3,976,677	24-36	9-33	Paid on 24 - 36 instalment as of the date of utilization	-	6.00%	Variable
Societe Generale De Banque	10,000,000	1	1	Paid on one instalment on 4 July 2021	-	6.55%	Fixed
Loan from Jordan Mortgage Refinance	5,000,000	1	1	Paid in one instalment on 26 April 2022	-	4.78%	Fixed
Total	**128,255,444**						

	Loan Amount	Number of Installments Total	Number of Installments Remaining	Periodic payment of instalments	Collaterals	Interest rate	Fixed/ Variable
	JD						
31 December 2019							
Loan from Central Bank of Jordan	3,200,000	18	14	Semi-annual on 9 years	-	3.85%	Variable
Loan from Central Bank of Jordan	1,950,000	10	7	Semi-annual on 5 years	-	2.51%	Fixed
Loan from Central Bank of Jordan	4,663,500	22	22	Semi-annual on 11 years	-	3.90%	Variable
Loan from Central Bank of Jordan	3,209,734	40	40	Semi-annual on 20 years	-	3.00%	Fixed
Loan from Central Bank of Jordan	500,000	34	34	Semi-annual on 17 years	-	2.51%	Variable
Advances from Central Bank of Jordan	998,152	20	8	Under repayment of tranches - every 6 months for 10 years	Promissory notes on demand	1.00%	Fixed
Advances from Central Bank of Jordan	825,365	13	4	Under repayment of tranches - every 9 months for 10 years	Promissory notes on demand	1.00%	Fixed
Advances from Central Bank of Jordan	5,658,972	120	71	Monthly payments for 10 years	Promissory notes on demand	1.00%	Fixed
Advances from Central Bank of Jordan	883,195	120	101	Monthly payments for 10 years	Promissory notes on demand	1.75%	Fixed
Advances from Central Bank of Jordan	2,788,426	60	51	Monthly payments for 5 years	Promissory notes on demand	1.00%	Fixed
Advances from Central Bank of Jordan	4,119,608	60	39	Monthly payments for 5 years	Promissory notes on demand	1.75%	Fixed
Advances from Central Bank of Jordan	381,896	12	3	Monthly payments for 1 year	Promissory notes on demand	1.00%	Fixed
Advances from Central Bank of Jordan	354,421	12	3	Monthly payments for 1 year	Promissory notes on demand	1.75%	Fixed
Loan from Jordan Mortgage Refinance	20,000,000	1	1	Paid on one instalment during 2020	-	5.55%	Fixed
Loan from Jordan Mortgage Refinance	10,000,000	1	1	Paid on one instalment during 2020	-	6.05%	Fixed
Loan from Jordan Mortgage Refinance	10,000,000	1	1	Paid on one instalment during 2024	-	6.45%	Fixed
Housing Bank for Trade & Finance	9,749,360	12-36	2-31	Paid on 12 - 36 instalment as of the date of utilization	-	7.0% - 6.75%	Variable
Bank Audi	4,037,200	12-36	2-35	Paid on 2 - 36 instalment as of the date of utilization	-	6.5%	Variable
Loan from Jordan Mortgage Refinance	5,000,000	1	1	Paid on one instalment on February 4th 2020	-	6.20%	Fixed
Loan from Jordan Mortgage Refinance	10,000,000	1	1	Paid on one instalment on July 4th 2021	-	6.55%	Fixed
Societe Generale De Banque	3,887,635	24-36	21-35	Paid on 24 - 36 instalment as of the date of utilization	-	6.25%	Variable
Total	**102,207,464**						

- The loans were refinance with a margin of 3 to 5%.

(19) Other provisions

	Balance at Beginning of the year	Added through other comprehensive income*	Added through income statement for the year**	Utilised during the year	Balance at end of the year
31 December 2020	JD	JD	JD	JD	JD
End of service provision	11,302,931	912,477	2,288,712	1,659,604	12,844,516
Provision for lawsuits filed against the bank and potential claims	1,105,721	-	360,000	6,624	1,459,097
Total	**12,408,652**	**912,477**	**2,648,712**	**1,666,228**	**14,303,613**

* The change resulting from actuarial assumptions is presented in the statement of shareholders equity net of deferred tax assets amounting to JD 346.741 as at 31 December 2020.

** Added through the statement of income includes an amount of JD 563.693 shown at interest expense against employees' defined benefit obligations.

31 December 2019					
End of service provision	10,067,360	-	2,227,728	992,157	11,302,931
Provision for lawsuits filed against the bank and potential claims	1,472,684	-	1,647,854	2,014,817	1,105,721
Total	**11,540,044**	**-**	**3,875,582**	**3,006,974**	**12,408,652**

(20) Bonds

On 15 October 2020, a bonds was issued by the bank's subsidiary amounting to JD 11 million. The bonds mature as a bullet payment on 15 October 2023, noting that the bond is not listed.

Average interest rate amounted to 5% annually, to be paid on a semi-annual basis on 15 April and 15 October of each year

(21) Income tax

A- Income tax Provision

The movement in the income tax provision during the year is as follows:

	2020	2019
	JD	JD
Balance at the beginning of the year	14,760,848	12,053,013
Income tax provision	3,627,641	18,088,556
Income tax paid	(16,211,648)	(15,380,721)
Balance at the end of the year	**2,176,841**	**14,760,848**

B- Income tax expense

Income tax expense charged to the consolidated statement of income are as follows:

	2020	2019
	JD	JD
Income tax provision	3,627,641	18,081,466
Impact of deferred tax assets for the year	(5,233,932)	(1,219,032)
Total	(1,606,291)	16,862,434

C- Tax Position

The tax position of the bank's branches and subsidiaries is as follows:

Branches / subsidiaries	tax-assessment report submitted up to the end of the year	Final clear-ance	Payment to the Tax Authorities	Disputed years
Jordan branches	2019	2017	Accrued taxes have been paid	N/A
Cyprus branch	2020	2020	Accrued taxes have been paid	N/A
Ejara Finance Leasing Company	2019	2017	Accrued taxes have been paid	N/A

D- Deferred Tax assets/ liabilities

The details of this item are as follows:

	2020				31 December 2020
	Opening balance of the year	Released	Added	Balance at end of year	Tax Deferred
	JD	JD	JD	JD	JD
A- Deferred tax assets					
Provision for end of service benefits	11,302,931	1,659,604	3,201,189	12,844,516	4,880,915
Provision for seized assets	21,333,537	91,763	420,000	21,661,774	8,231,474
Provision for lawsuits filed against the Bank	1,105,721	6,624	360,000	1,459,097	554,457
Provision for direct facilities	39,347,169	11,681,559	14,801,474	42,467,084	16,137,492
Provision for finance lease contracts - subsidiaries	87,674	-	99,997	187,671	52,548
Provision for accounts receivable and accrued revenues - subsidiaries	155,854	155,854	-	-	-
Provision for indirect facilities	5,352,631	2,033,606	3,526,566	6,845,591	2,601,325
Provision for investments	1,044,753	969,698	-	75,055	28,521
Provision for deposits with banks	6,288	6,288	-	-	-
Losses from valuation of financial assets at fair value through the statement of income	2,301,919	-	1,402,892	3,704,811	1,407,828
Taxable loss for the year	-	-	7,431,725	7,431,725	2,824,056
Total	82,038,477	16,604,996	31,243,843	96,677,324	36,718,616
B-Deferred tax liabilities *					
Financial assets valuation reserve at fair value *	9,183,684	6,242,564	3,782,922	6,724,042	2,555,136
Total	**9,183,684**	**6,242,564**	**3,782,922**	**6,724,042**	**2,555,136**

	2020 Opening balance of the year	Released	Added	Balance at end of year	31 December 2020 Tax Deferred
	JD	JD	JD	JD	JD
A- Deferred tax assets					
Provision for end of service benefits	10,067,360	992,157	2,227,728	11,302,931	4,295,114
Provision for seized assets	23,055,453	1,721,916	-	21,333,537	8,106,744
Provision for lawsuits filed against the Bank	1,401,784	1,948,849	1,652,786	1,105,721	420,174
Provision for facilities	32,187,589	9,896,343	17,055,923	39,347,169	14,951,924
Provision finance lease contracts - sub-sidiaries	264,537	176,863	-	87,674	24,549
Provision for accounts receivable and accrued revenues - subsidiaries	-	-	155,854	155,854	32,729
Provision for indirect facilities	5,116,281	3,103,496	3,339,846	5,352,631	2,034,000
Provision for investments	1,935,963	891,210	-	1,044,753	397,006
Provision for deposits with banks	32,535	29,353	3,107	6,288	974
Losses from valuation of financial assets at fair value through the statement of income	5,239,237	2,937,318	-	2,301,919	874,729
Total	**79,300,739**	**21,697,505**	**24,435,243**	**82,038,477**	**31,137,943**
B-Deferred tax liabilities *					
Financial assets valuation reserve at fair value *	11,136,477	1,952,793	-	9,183,684	3,489,800
Total	**11,136,477**	**1,952,793**	**-**	**9,183,684**	**3,489,800**

* Deferred tax liabilities resulting from the profits of financial assets valuation are shown at fair value through the statement of comprehensive income within financial assets valuation reserve at fair value in the consolidated statement of equity.

- The deferred tax assets were calculated based on a 38% tax rate as per the income tax law as amended effective as of 1 January 2019.

The movement on the account of deferred tax assets/ liabilities during the year is as follows:

	2020 Assets	Liabilities
	JD	JD
Balance at the beginning of the year	31,137,943	3,489,800
Added during the year	8,879,005	1,437,510
Disposed of during the year	3,298,332	2,372,174
Balance at the end of the year	36,718,616	2,555,136

	2019 Assets	Liabilities
	JD	JD
Balance at the beginning of the year	29,918,911	4,231,861
Added during the year	9,446,398	-
Disposed of during the year	8,227,366	742,061
Balance at the end of the year	31,137,943	3,489,800

E- The accounting profit reconciliation against tax profit is summarised as follows:

The accounting profit reconciliation with the taxable profit for the year is detailed below:

	2020	2019
	JD	JD
Accounting (loss)/ profit - statement (b)	(5,578,751)	46,934,545
Add: non-deductible tax expenses	30,354,281	38,845,315
Less: non-taxable profits	(21,456,059)	(22,521,467)
Taxable profit	3,319,471	63,258,394
Statutory income tax:		
Bank's branches in Jordan	38%	38%
Bank's branches in Cyprus	12.5%	12.5%
Subsidiaries	28%	21-28%

(22) Other liabilities

The details of this item are as follows:

	31 December2020	31 December 2019
	JD	JD
Accrued interest payable	10,402,054	16,521,342
Incoming transfers	1,915,411	2,677,070
Accounts payable (a)	737,365	983,385
Accrued expenses	895,906	918,744
Provisional deposits (b)	10,290,860	9,786,958
Provisional deposits - customers	3,873,467	3,416,708
Shareholders' deposits (c)	4,265,588	4,721,090
Certified and acceptable checks	6,931,979	5,809,483
Vaults insurance	504,536	514,287
Subscription deposits (c)	80,217	80,815
Expected credit losses against indirect facilities - Note (44)	6,889,297	5,403,583
Other liabilities (a)	9,332,980	8,708,686
Total	**56,119,661**	**59,542,151**

(A) Accounts payable and other liabilities include balances attributable to subsidiaries amounting to JD 1,477,905 as at 31 December 2020 (JD 1,607,373 as at 31 December 2019).

(B) This item represents provisional deposits paid to public shareholding companies and others.

(C) This amount represents proceeds from subscription refunds in public shareholding companies under establishment.

(23) Subscribed and paid-in capital

The Bank's general assembly, approved in its meeting held on 4 May 2020, to distribute bonus shares to shareholders at half share per share, i.e. 50 million shares/ JD.

The stock dividends were capitalised from the voluntary reserve balance the subscribed and paid-in capital of the bank after the distribution amounted to 150 million shares/JD (against 100 million shares/JD as at 31 December 2019).

(24) Reserves

The details of these reserves as at 31 December 2020 and 2019 are as follows :

A- Statutory

This item represents the accumulated balances transferred from annual profit before tax at 10% during the year and the previous years as per the Jordanian Laws of Banks and Companies and is not available for distribution to shareholders.

B- Voluntary reserve

This amount represents the accumulated balances transferred from the annual profit before tax that do not exceed 20% during the year and the previous years. The voluntary reserve may be used for such purposes as deemed appropriate by the Board of Directors and is available for distribution wholly or partially by the general assembly as profit to shareholders.

The Bank's general assembly, in its meeting held on 4 May 2020, approved to distribute bonus shares to shareholders at one-half share per existing share, i.e. 50 million shares/ JD.

They are capitalised from the voluntary reserve account. The movement in voluntary reserve is as follows:

	2020
	JD
Balance at the beginning of the year as previously reported	181,023,362
Bonus shares distribution	(50,000,000)
Balance as at 31 December 2020	**131,023,362**

- Restricted reserves are as follows:

Reserve name	31 December 2020	31 December 2019	Nature of restriction
	JD	JD	
Statutory reserve	96,043,640	96,043,640	Restricted under the Jordanian Companies Law and the Law of Banks.

(25) Net reserve for valuation of financial assets at fair value after tax

The movement in this item during the year is as follows:

	2020	2019
	JD	JD
Balance at the beginning of the year	2,296,466	4,160,518
Unrealised (losses) gains - net	(3,887,833)	3,290,951
Transfer from valuation reserve to the statement of income - expected credit losses against debt instruments*	5,235,443	-
Realised (gains) losses	(7,315)	(5,897,063)
Impact of deferred tax liabilities	934,664	742,061
Balance at the end of the year**	**4,571,425**	**2,296,466**

* This item represents the expected credit loss of financial assets at fair value through the statement of comprehensive income exceeding the fair value and for each individual investment.

** The financial assets valuation reserve is shown at fair value net of deferred tax liabilities in an amount pf JD (2,555.136) as at 31 December 2020 against JD (3,489.800) as at 31 December 2019. It is not available for transfer to the consolidated statement of income.

(26) Retained earnings

The movement in this item during the year is as follows:

	2020	2019
	JD	JD
Balance at the beginning of the year	80,186,800	78,432,483
Realised (losses) gains on financial assets at fair value through other comprehensive income - Note (8)	7,315	5,897,063
Profit for the year - Statement (b)	(4,511,275)	29,937,619
Share capital increase expenses	(301,419)	-
(Transferred) to reserves	-	(14,080,365)
Dividends distribution (note 27)	-	(20,000,000)
Balance at the end of the year	**75,381,421**	**80,186,800**

Retained earnings include a restricted amount of JD 36,718.616 as at 31 December 2020 according to the request of the Central Bank of Jordan in exchange for deferred tax assets against JD 31,137.943 as at 31 December 2019.

- Retained earnings balance includes an amount of JD 3,246,661 as at 31 December 2020 against an amount of JD 3,508,448 as at 31 December 2019, that is only available for disposal as per the instructions of the Securities Commission for the impact of the adoption of IFRS (9) at the amount actually realised from it through sale operations, representing financial assets' revaluation differences. .
- Disposal of the outstanding balance of financial asset valuation reserve is only permitted under the prior approval of the Central Bank of Jordan. .

(27) Dividends

The Bank's general assembly, approved in its meeting held on 4 May 2020, to distribute bonus shares to shareholders at half share per share, i.e. 50 million shares/ JD.

The stock dividends were capitalised from the voluntary reserve balance the subscribed and paid-in capital of the bank after the distribution amounted to 150 million shares/JD (against 100 million shares/JD as at 31 December 2019).

In 2019, cash dividends of 20% of the share capital amounting to JD 100 million were approved for distribution, which Interests income

(28) Interests income

The details of this item are as follows:

	2020	2019
	JD	JD
Direct credit facilities:		
Individuals (retail)		
Overdrafts	4,251	4,998
Loans and bills	12,211,673	11,970,243
Credit cards	1,778,327	1,946,015
Real estate mortgage	15,075,986	19,374,525
Companies		
Large		
Overdrafts	8,749,554	11,433,820
Loans and bills	59,721,494	64,700,169
SMEs		
Overdrafts	1,174,841	1,374,979
Loans and bills	6,233,071	5,141,968
Government and public sector	7,915,981	8,715,981
Balances with central banks	4,237,680	5,649,625
Balances and deposits with banks and financial institutions	340,311	4,776,567
Financial assets at amortised cost	15,131,045	12,021,053
Financial assets at fair value through other comprehensive income	2,934,239	5,103,781
Total	**135,508,453**	**152,213,724**

(29) Interest expense

The details of this item are as follows:

	2020	2019
	JD	JD
Deposits with banks and banking institutions	2,772,800	4,975,310
Customers' deposits		
Term and call deposits	36,623,293	45,664,509
Cash margins	1,626,272	2,167,944
Current and held at call accounts	211,363	308,252
Saving deposits	643,809	888,391
Certificate of deposits	592	1,498
Borrowings	4,797,489	5,015,584
Deposits guarantees fees	2,372,028	2,177,743
Interests against liabilities of leased assets	1,085,669	1,173,880
Interests against defined benefit obligations	563,693	-
Total	**50,697,008**	**62,373,111**

(30) Net commissions income

The details of this item are as follows:

	2020	2019
	JD	JD
Direct credit facilities commissions	2,474,340	3,377,125
Indirect credit facilities commissions	4,006,398	5,755,678
Other commission	1,950,178	1,902,923
Total	**8,430,916**	**11,035,726**

(31) Foreign currency gain

The details of this item are as follows:

	2020	2019
	JD	JD
Profits resulting from trading/ transaction	2,937,609	3,337,964
Profits resulting from valuation	3,141	7,461
Total	**2,940,750**	**3,345,425**

(32) Other income

The details of this item are as follows:

	2020	2019
	JD	JD
Vaults and safes rent	192,302	203,078
Stamps revenues	51,579	61,539
Credit cards income	5,361,711	7,193,108
Bad debts recovered	636,994	292,888
Telecommunication revenues	283,453	351,075
Transfers income	1,001,732	1,339,554
Gain from sale of seized assets	-	52,050
Gain from sale of property and equipment	16,550	350
Recovered from seized assets CBJ provisions	-	2,410,542
Recovered from impairment losses on assets held for sale	-	328,267
Others	2,127,483	3,647,418
Total	**9,671,804**	**15,879,869**

(33) Other income

The details of this item are as follows:

	2020	2019
	JD	JD
Employees' salaries, benefits and bonuses	23,867,803	22,880,622
Social Security contribution	2,611,304	2,354,172
Medical expenses	1,874,591	1,672,659
Employees training	159,122	225,392
Per diems	159,866	344,937
Employees' life insurance expenses	195,314	124,502
Total	**28,868,000**	**27,602,284**

(34) Other expenses

The details of this item are as follows:

	2020	2019
	JD	JD
Rent	63,297	81,205
Stationary	505,562	637,109
Advertisement	1,255,420	1,090,373
Subscriptions	341,663	362,398
Communication expenses	1,433,062	1,476,164
Maintenance and repairs	4,322,511	3,807,512
Insurance expenses	1,305,838	1,221,068
Judicial charges and fees	212,714	238,591
Electricity, water and fuel	494,274	552,822
Fees, levies and stamps	1,076,481	945,017
Professional fees	141,038	113,313
Card service expenses	3,959,510	4,616,874
Transportation expenses	146,849	158,990
Corresponding bank service expenses	294,917	409,018
Safety and security services	370,589	372,141
Donations and social responsibility	2,563,441	844,696
Hospitality	68,105	80,768
Board of Directors remunerations	25,000	90,000
Seized assets provisions	365,428	651,435
Loss on sale of seized assets	533,974	123,464
Management fees (Note 37)	904,684	904,684
Impairment losses of assets held for sale	35,160	-
Amortisation of right of use leased assets	2,234,124	2,283,613
Others	3,251,063	2,353,762
Total	**25,904,705**	**23,415,017**

(35) (Loss) earnings per share for the year attributable to the bank's shareholders (basic and diluted)

The details of this item are as follows:

	2020	2019
	JD	JD
(Loss) profit for the year	(4,511,275)	29,937,619
	Share	Share
Weighted average of the number of shares	150,000,000	150,000,000
	JD/ share	JD/ share
(Loss) earnings per share for the year:		
(Basic and diluted)	(0.030)	0.200
(Loss) profit for the year from continuing operations	(3,972,460)	29,901,408
	Share	Share
Weighted average of the number of shares	150,000,000	150,000,000
	JD/ share	JD/ share
(Loss) earnings per share for the year from continuing operations:		
(Basic and diluted)	(0.026)	0.199
(Loss) profit for the year from discontinued operations	(538,815)	36,211
	Share	Share
Weighted average of the number of shares	150,000,000	150,000,000
	JD/ share	JD/ share
(Loss) earnings per share for the year attributable to shareholders:		
(Basic and diluted)	(0.004)	0.001

(36) Cash and cash equivalents

The details of this item are as follows:

	31 كانون الأول 2020	31 كانون الأول 2019
	JD	JD
Cash and balances at Central Banks with maturity within three months	361,869,605	402,004,690
Add: Balances at banks and financial institutions with maturity within three months	136,758,780	134,085,678
Less: Deposits at banks and financial institutions with maturity within three months	46,794,000	96,533,514
Restricted balances - Note (5)	2,508,347	2,502,038
Total	**449,326,038**	**437,054,816**

(37) Transactions with related parties

The bank has entered into transactions with subsidiaries, sister companies, major shareholders, members of the board of directors and senior management within the normal activities of the bank, using interest rates and commercial commissions.

All credit facilities granted to related parties are considered operational and no provisions were taken for them as of the date of the consolidated financial statements.

31 December 2020	Related party					Total
	Affiliates	Directors	Subsidiaries*	Executive Di-rectors	Other **	
Items in the consolidated statement of financial posi-tion:	JD	JD	JD	JD	JD	JD
Direct credit facilities **	-	57,645	1,587,268	2,126,358	-	3,771,271
Deposits at banks and financial institutions	67,960,882	-	-	-	2,535,208	70,496,090
Deposits	-	61,309,180	88	1,063,795	1,365,973	63,739,036
Deposits at banks and financial institutions	225,708	-	-	-	-	225,708
Cash margins	-	-	-	-	13,175	13,175
Financial assets at fair value through comprehensive income	21,969,533	-	-	-	13,186,506	35,156,039
Assets held for sale	-	-	-	5,642,817	-	5,642,817
Liabilities directly associated with assets held for sale	-	-	-	1,529,164	-	1,529,164
Right of use of leased assets	-	376,569	-	-	-	376,569
Liabilities against the right of use assets	-	320,569	-	-	-	320,569
Bonds	-	-	-	-	5,000,000	5,000,000
Items off the consolidated statement of financial posi-tion:						
Guarantees	3,833,600	10,300		-	1,439,064	5,350,822
Letters of credit	70,905	-	67,858	-	4,268,180	4,339,085
			-			
Items on the consolidated statement of income:						
Interest and commissions income ***	171,744	9,630	6,925	102,111	11,113	301,523
Interests and commissions expense ****	1,354,617	3,482,690	-	22,556	184,982	5,044,845
Management fees	904,684	-	-	-	-	904,684
Financial asset dividends	2,458,035	-	-	-	-	2,458,035
Amortisation of right of use leased assets	-	4,184	-	-	-	4,184
Interests against liabilities of leased assets	-	9,728	-	-	-	9,728

	Related party					
	Affiliates	Directors	Subsidiaries*	Executive Di-rectors	Other **	Total
	JD	JD	JD	JD	JD	JD
31 December 2019						
Items in the consolidated statement of financial posi-tion:						
Direct credit facilities **	-	47,381	1,119,538	1,936,115	-	3,103,034
Deposits at banks and financial institutions	30,742,128	-	-	-	6,851,838	37,593,966
Deposits	-	56,859,560	302,112	2,735,022	674,730	60,571,424
Deposits at banks and financial institutions	661,061	-	-	-	3,545,000	4,206,061
Cash margins	-	-	4,000	-	13,175	17,175
Financial assets at fair value through comprehensive income	22,025,423	-	-	-	13,841,332	35,866,755
Assets held for sale	-	-	4,318,694	-	-	4,318,694
Liabilities directly associated with assets held for sale	-	-	1,305,735	-	-	1,305,735
Items off the consolidated statement of financial posi-tion:						
Guarantees	5,000	11,300	157,500	-	2,387,812	2,561,612
Letters of credit	142,112	-	508,736	-	4,254,000	4,904,848
Items on the consolidated statement of income:						
Interests and commissions income ***	42	211	7,214	149,760	91,584	248,811
Interests and commissions expense ****	279,127	4,083,822	1,295	19,290	126,456	4,509,990
Management fees	904,684	-	-	-	-	904,684
Financial asset dividends	1,149,920	-	-	-	-	1,149,920

* All transactions with subsidiaries are eliminated for the purpose of the consolidated financial statements and are presented for disclosure purposes.

* Direct credit facilities granted to the board of directors and executive directors include an amount of JD 14.588 relating to credit granted to board members of United Financial Investments Company (subsidiary) and related parties as at 31 December 2020 against an amount of JD 299,114 as at 31 December 2019.

** Represents companies in which the bank has the right to vote at their board meetings. .

*** Interest income rates ranges from (0.5)% to (5)% .

**** Interest expense rates range from (1.75)% to (14). .

- The bank is represented by two board members United Financial Investments Company's board of directors, three members in Ejara Finance Leasing Company's board of directors and two members in The Specialized Managerial Company for Investment and Financial Consultation's board of directors.

Executive management salaries and remuneration

Salaries of executive management of the Bank and its subsidiaries amounted to JD 3,777,624 for the year 2020 compared to JD 3,836,422 for the year 2019.

Credit risk exposures after netting related provisions, interest in suspense and collaterals:

	31 December 2020	31 December 2019
Items in the consolidated statement of financial position	JD	JD
Balances at central banks	297,372,740	351,555,800
Balances at banks and financial institutions	136,758,518	134,085,678
Deposits at banks and financial institutions	-	217,231
Direct credit facilities:		
For individuals	184,421,832	147,897,987
Real estate mortgage	190,600,214	217,435,392
For corporates		
Large companies	946,184,834	988,481,113
SMEs	122,974,509	91,927,303
For government and public sector	112,331,444	128,034,921
Bills, bonds and notes:		
Within financial assets at fair value through other comprehensive in-come	42,577,182	50,309,286
Within financial assets at amortised cost	402,110,610	308,656,110
Other assets	29,233,026	19,373,706
Items off the consolidated statement of financial position		
Guarantees	228,453,152	234,198,799
Letters of credit	38,102,803	96,336,478
Acceptances	15,815,575	20,408,736
Utilised facilities (direct and indirect)	316,402,478	319,355,788
Total	**3,063,338,917**	**3,108,274,329**

(38) Fair value of financial assets and financial liabilities that are not shown at fair value in the consoli-dated financial statements

There are no material differences between the carrying value and the fair value of the financial assets and liabilities as at the end of 2020 and 2019.

(39) Risk Management

39/a Risk management

The responsibilities of the Risk Management Department of the Bank include all the Bank›s departments and branches operating inside and outside the Kingdom as well as its subsidiaries through identifying, determining, measuring and managing risks under international best practices and within the limits of the functions and responsibilities of Risk Management.

The responsibilities of the Risk Management Department in the Bank include the following areas:

- **Credit risk:**

- This represents the potential loss resulting from the customer›s inability or unwillingness to meet its obligations on time. These risks are one of the most significant risks to Banks..

Market risk:

- This represents the losses that the Bank may be exposed to as a result of any financial positions on or off the balance sheet due to any changes occurring in the market prices.

Liquidity risk:

- This represents the losses that the Bank may be exposed to due to lack of funds needed to finance the increase of its investments or to repay its obligations when they become due on time with appropriate cost. (This is part of asset and liability management (ALM). Reports, in this regard, are prepared by Risk Management).

Interest rate risk:

- This represents the exposure to adverse movements in interest rates that affects the profitability of the Bank due to the change in net interest income and in the economic value of the cash flows of assets and liabilities.

Operational risk :

- This represents the loss resulting from the failure or inadequacy of internal procedures, human element, systems, or external events. This definition includes legal risk but not the strategic and reputation risk..

- **Information security & business continuity management risks:**

- This represents the loss resulting from the use of information by unauthorised persons, or the disclosure, distribution, modification, destruction of deletion of such information. This definition applies to any type of information whether written on paper or in a file on Internet. This also includes business continuity and disaster recovery.

Detailed responsibilities and functions of risk management sections

1 **Credit Risk:**

  - The Risk Management Department reviews the credit policy periodically and in coordination with the representatives of corporate and individual facilities. The policy is the indicator and the basic guide for the different duty stations in clarifying the degree of credit risk acceptable to these stations.
  - Opinions on credit applications are expressed by the Risk Management within the credit terms specified by the Board without financial responsibility.

- The internal credit rating system is reviewed and evaluated independently of the credit marketing departments through the Risk Management. The Bank has a system documented and approved by the Board. Any element that may contribute to the expectation of a client›s default is taken into consideration, which helps in measuring and classifying customer risks. This should facilitate the decision-making process, pricing facilities and determining customer and product profitability, credit management and the review and analysis of credit portfolio. In addition, it helps to retain the necessary data that facilitate the application of foundation internal ratings-based approach (FIRB) to credit risk within the Basel requirements. An automated credit rating system is implemented to support this. The Scoring Card System is used in the same framework.
- The Risk Department recommends, independently of the credit marketing departments, to set specific controls and limits, documented with clear policies and procedures to ensure compliance therewith. Such limits are reviewed periodically and adjusted, if necessary. There are specific limits set out and approved by the Board of Directors in dealing with banks, countries and various economic sectors. One of its tasks includes defining limits for any possible concentration of credit guarantees or products.
- The Risk Management Department prepares an analysis of the credit portfolio whereby the Board of Directors is clearly provided with an indication of the quality and different ratings thereof. The Board is also provided with any concentrations as well as historical benchmarking comparisons along with the banking sector where possible. Thereafter, appropriate recommendations to mitigate existing risks are made.

2 Market Risk:

The Bank has specific policies and procedures approved by the Board of Directors for identifying, measuring, monitoring and controlling the market risk. These are periodically reviewed, and the implementation thereof is monitored. Such policies include:

- Investment policy: the representatives of Treasury and Risk Departments develop and review this policy and amend it annually, if required. They also present it to the Investment Committee and the Assets and Liabilities Committee.
- The Bank has a written market risk policy approved by the Board of Directors that describes how to identify, measure, control and mitigate market risks. The Bank also has written policies approved by the Board of Directors, which define the fundamentals of portfolio management and investment funds, including operational bases, desired investment instruments and effective controls, in addition to a policy clarifying the basis for dealing between the Bank and its customers in convertible foreign currencies and major precious metals on a margin basis. The Risk Management Department develops such policies in cooperation with the concerned departments. Periodic (daily and monthly) reports are submitted by Middle Office under market risk/ risk management for adherence with the above policies.
- The Risk Management Department prepares Value at Risk (‘VAR’) and measures sensitivity analysis, interest rate risk, limits and other reports included in the relevant policies approved.

3 Liquidity Risk:

- The Risk Management Department, in cooperation with the Treasury Department, develops / updates a written policy for liquidity risk management which is approved by the Board of Directors of the Bank.
- The Risk Management Department monitors the Bank›s commitment to liquidity ratios set by the Central Bank of Jordan and the supervisory authorities under which the Bank›s branches operate. The Bank›s liquidity is monitored on a daily basis by the Treasury Department.

- Liquidity is also monitored by the Asset and Liability Management Committee chaired by the Director General and comprises the Head of Risk Management. It is governed by the ALCO Policy through periodic reports prepared by the Risk Management Departments and the Treasury Department. They are presented and considered by the Committee members who make appropriate recommendations in this regard.
- The Risk Management Department, in coordination with the Treasury Department, prepares a written policy for a Liquidity Contingency Plan to address any liquidity problems at the Bank, at various levels and scenarios, which is approved by the Board of Directors of the Bank.

4 Operational Risk :

- The Risk Management Department prepares, and reviews documented policies and procedures for identifying, evaluating, mitigating and controlling operational risks. This is done to ensure compliance with the Basel requirements and to enhance the efficiency and effectiveness of the Bank›s control environment. The Bank uses an automated operational risk system covering the Self-Assessment areas and Events Collection system and identifies and analyses Key Risk Indicators (KRI) to the Bank›s operation centres.
- The Risk Management Department combines the tasks of different risk management when setting controls and procedures to make sure that all risks are covered and to achieve the Enterprise Risk Management concept. The Bank also has Standard Operating Procedures (SOP›s) working procedures documented, reviewed and adjusted periodically by the concerned departments and under the supervision of the Operations Development Department. Any procedures that are modified or developed, including any new products, are presented to departments of internal audit, compliance and risks to study possible risks and adequacy of existing controls.

5 Information Security &Business Continuity Management:

- The Risk Management Department develops a clear, documented, and approved Business Continuity Plan. The necessary tests are made regularly thereto, in accordance with the broad concept of Business Continuity Management supported by the DRS automated system for more efficient business continuity management, and in line with the instructions issued by the Central Bank of Jordan, and in accordance with international best practices in this regard.
- A team for Information Technology Security has been mobilised, reporting directly to Risk Management in order to support them. Such team is independent in its reporting from the Director of Information Systems Department. This is done in accordance with the international best practices including the ISO27001 and PCI requirements.
- Risk Management participates in the preparation of an appropriate risk assessment in the event of a new activity or product on the verge of being launched in a particular market.

6 Interest rate risk:

- The Risk Management Department prepares a documented interest rate risk policy that governs the identification, measurement and control of interest rate risk within the ALM's framework - ALCO, approved by the Board of Directors. The Risk Management Department prepares the necessary reports and submits to the ALCO Committee in the Bank.

7 Compliance with Basel requirements::

- The Department oversees the implementation of the requirements of the various Basel decisions, including the accounting of Basel III capital adequacy ratios including liquidity ratios, and effectively contributes to capital budgeting.

- The Department prepares stress tests, evaluates internal capital and issues analytical reports on capital.
- The Department also issues various financial analyses of banks with the preparation of new analyses specialised in specific aspects by taking advantage of the disclosures issued by banks.

Descriptive disclosures related to the application of the IFRS (9).

1. Definition of the Bank's implementation of default and the mechanism of addressing it:

The Bank defines the default and the mechanism of addressing it in accordance with the instructions of the Central Bank regarding the application of IFRS 9 No.132018/ issued on 6/6/2018. The Central Bank's instructions No. (47/2009) dated 10/12/2009 (item II/ D) include a number of indicators on a default event which must also be complied with.

- Existence of dues equal to or greater than (90) days.
- Increase in risk ratings above -7.
- Credit exposure / debt instruments that have evidence that they have become defaulted (irregular) or are expected to be defaulted soon.
- The debtor is experiencing significant financial difficulties (very weak financial data).
- The existence of clear indications that the debtor is near bankruptcy.

Mechanism of addressing default:

The Bank will follow-up with the customer before their default, trying not to reach the stage of classification of the facilities granted to them. In case of classification, the specific provision will be made against the facilities in accordance with the instructions and standards. In addition, they will be followed-up by the Department of Follow-up & Collections before starting the legal procedures in case of failure to reach solutions or schedules according to the instructions of the Central Bank of Jordan and the supervisory authorities in the countries where the Bank operates.

2. A detailed explanation of the Bank›s internal credit rating system and its working mechanism:

- Internal credit rating system for corporate customers:

  The Bank has an automated internal credit rating system from Moody›s supplier. The rating system includes all of the processes, controls, data collected, and the information system that support and asses the credit quality of the borrower. It is then translated to the degree of risk to customers and linked to the customer's PD. This contributes to calculating the expected credit loss.

  Moody's system that contains following models to calculate customers credit rating:

  - Large Enterprises Rating Model.
  - SME Rating Model (with financial data).
  - SME Rating Model (without financial data).
  - Customer Rating Model for Project Financing.
  - High net worth customers Rating Model.

The grades in the system range from 1 (Exceptional: a very high quality and low risk company) to 10 (Poor: a non-performing classified company) - 7 working grades and 3 non-performing grades.

There is a clear and specific Master scale. Each credit rating is calculated by Moody›s, offset by the probability of default (PD). Financial and non-financial analysis of clients is made. Moody›s Financial Analysis Structure consists of four main sections:

1- Operations:

2- Liquidity:

3- Capital Structure:

4- Debt Service:

An override can be used to classify the customer through an approval of the Facility Management Committee for the proposed ratings.

- Internal credit scoring system for individual customers:

  Retail customers (individuals) are rated and given a rating grade based on their risk before their loans are approved. Such ratings are utilised to estimate the probability of default. This is done for housing loan products, auto finance and consumer loans.

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

The «loss realisation» test model is used using the ECL model, which requires the use of estimates and judgments to estimate the economic factors that have an effect on the impairment in accordance with the new model. This model has been applied and the impairment loss has been calculated in accordance with the following rules:

- 12-month impairment losses: The expected impairment of default is calculated within 12 months following the date of the financial statements.
- Impairment losses for the useful life of the instrument: The expected impairment on the life of the financial instrument is calculated until the maturity date of the consolidated financial statements.
- The mechanism for calculating expected losses depends on the probability of default, which is calculated according to the credit risk, future economic factors and loss given default (LGD), which depends on the value of the existing collateral and the amount of the exposure at default (EAD).

In accordance with the requirements of IFRS 9, ECL measurement model is applied within the following framework (except as measured at fair value through statement of income).

- Loans and credit facilities (direct and indirect).
- Debt instruments carried at amortised cost.
- Debt instruments classified at fair value through other comprehensive income.
- Trade receivables.
- Credit exposures to banks and financial institutions [excluding current balances used to cover bank transactions such as remittances, guarantees and credits within a very short period of time (days)].

In respect of revolving facilities, ECL are calculated based on the behavioural maturity of three years.

4- Definition and mechanism for calculating and monitoring the probability of default (PD), exposure at default (EAD) and loss given default (LGD).

a. Probability of Default (PD):):

This represents the risk arising from the borrower›s inability or unwillingness to repay its debts in full or on time, which is normally anticipated by analysing the customer›s ability to repay its debt in accordance with its financial statements. The probability of default of the customer generally relates to financial data such as insufficient cash flows to service debt, low operating income or margins, high leverage or low liquidity. Accounting is done as follows:

Corporate customers:

- PD is calculated by linking the credit ratings within the internal credit rating to the grade of default identified in the Master Scale and for each individual customer. The probability of default is converted from Through the Cycle (TTC) to Point In Time, after the credit rating has been calibrated and the probability of default to match the bank›s default data.
- For defaulted loans (Stage 3), the probability of default is set at 100%.
- Accounts not rated internally are assumed to have a rating grade of 5 with the Bank and -5 with Ejara Company.
- The probability of default was calculated for the Jordanian government based on its external credit rating.

Retail customers:

- Their PD is calculated based on Behavioural Scoring and based on logistic regression for each customer.
- For debt instruments and money market, Moody›s external credit rating was adopted. If the debt instrument of an unrated company is treated as unrated companies. As for the unrated banks, the credit rating of the country to which the bank belongs is adopted and adjusted to suit the financial solidity of the Bank.

b. Losses Given Default:

This represents the ratio of assets that are expected to be lost if the customer defaults. This ratio is defined at the level of the facility rather than at the customer level. It is affected by various factors such as the availability of collateral, type of guarantee, priority of payment, the duration and quality of the loan. The accounting is done as follows:

Corporate customers and debt instruments:

- An LGD accounting system is used based on a number of determinants, including the customer›s credit rating, economic sector, type and value of collateral and coverage ratio. These are calculated based on historical information.
- Haircut rates have been made for guarantees greater than those specified by the instructions of the Central Bank of Jordan.

- Setting floor limits for LGD ranging from 0% to 10%.
- Defaulted facilities (Stage 3) - The proportion of LGD has been identified for the unsecured portion with guarantees of 100%.
- The ratio of LGD to the Jordanian government was set at 0%.

Retail customers:

A model was developed for the accounting (Logistic regression model) using the variables used in the accounting of the Probability of Default model.

c. Exposure at Default (EAD)

The amount at risk is defined as the amount of the indebtedness in which the Bank is exposed to the probability of default in the case of a customer default as following:

- The current balance of direct facilities and a CCF proportion of 100% for indirect facilities.
- In the case of limits, the value of the amount exposed to the default shall be divided into two parts: the utilised obligations and the unutilised obligations where the balance or ceiling is calculated, whichever is higher.
- For retail, credit is used to determine the value of the default amount using the facilities prepayment ratio of customers.

5- Determinants of the significant change in the credit risk on which the Bank relied in calculating expected credit losses.

Rating	Criteria
Stage 1:	This includes credit exposures / debt instruments that have not received a significant increase in their credit risk since the initial recognition of the exposure / instrument or have a low credit risk at the date of preparation of the financial statements. Credit risk is considered to be low if the following conditions are met: Low default risk. The debtor has a high ability in the short term to meet commitments. The Bank does not expect adverse changes in the economy in the long-term working envi-ronment adversely affecting the debtor's ability to meet its obligations (macroeconomic indica-tors and stress tests).
Stage 2:	Accounts with dues more than 30 days and less than 90 days. Accounts that were previously scheduled. Accounts that were structured twice in a year. Accounts rated by internal credit -7. In case of reducing the actual or expected internal credit rating of the borrower or the credit exposure / debt instrument according to the internal rating system applied by the Bank. Actual or expected significant decrease in the external credit rating of the credit exposure / debt instrument. Substantial negative changes in the performance and behaviour of the borrower such as late payment of instalments or unwillingness to respond to the Bank.
Stage 3:	This includes credit exposure / debt instruments that have evidence(s) that they have de-faulted (irregular) or are expected to default soon. The debtor is experiencing significant financial difficulties (very weak financial data). Non-compliance with contractual conditions such as the existence of maturities equal to or greater than (90) days, and credit rating higher than -7. The existence of clear indications that the debtor is near bankruptcy. In addition to the above, the Central Bank Instructions No. (47/2009) dated 10/12/2009 (item II / D) includes a number of indicators demonstrating an event of default which must also be complied with.

- There are clear and specific criteria for ratings in the three stages (1, 2 and 3) and the transfer among them. According to the instructions of the Central Bank of Jordan, which state that in the event of an improvement in the quality of credit and the availability of sufficient and documented reasons making it possible to transfer credit exposures from Stage 3 to Stage to or from Stage 2 to Stage 1, the transfer should only take place after the improvement of the credit position of the exposure and the obligation to pay at least three monthly instalments, two quarterly instalments or semi-annual instalment on time, in addition to improving the credit rating of the customer to be higher than -7 in order to be transferred to Stage 1.
- The downgrade of credit rating / debt instrument by two grades on the ten-point rating system since the date of initial recognition is evidence of a significant credit risk decline.

6- Key economic indicators used by the Bank in calculating expected credit loss).

The Bank uses key economic indicators in calculating expected credit loss, as follows:

- Corporate: GDP growth indicators and the financial market index
- Retail: A larger number of variables has been used, the most important of which are consumer price index, GDP, interbank rate of interest, volume of consumption, expected inflation, unemployment rate, discount rate, deposit rate and other rates.

Governance of applying the requirements of IFRS 9, including the responsibilities of the Board of Directors and Executive Management to ensure compliance with the requirements of IFRS 9.

- The Board of Directors is responsible for establishing the Bank›s acceptable risk profile and effective management of risk management.
- The Board of Directors is responsible and authorised to approve the expected credit losses in the Bank›s financial statements.
- The Board of Directors of the Bank shall provide appropriate governance structure and procedures to ensure the proper application of IFRS 9 by defining the roles of the committees, departments and working units of the Bank, ensuring the integrity of the work among them and providing the appropriate infrastructure.
- The Board of Directors shall ensure that the Bank›s management develops the necessary systems to provide adequate and accurate information and data in order to provide the Bank with the accurate ability to calculate and with the participation of all relevant business units in the Bank and under the supervision of the Board of Directors and its related committees.
- The Board of Directors shall ensure that the Bank›s management implements high quality and reliable quality systems in terms of inputs, operating processes and results.
- The Board of Directors shall ensure that the Bank›s control units, specifically risk department, internal audit department work to verify the validity and integrity of the methodologies and systems used in the application of IFRS 9 and to provide the necessary support to these supervisory units.

Board of Directors› Audit Committee:

- The Committee monitors compliance with the expected credit loss accounting framework in accordance with IFRS 9 and ensures that internal audit carried out its duties in this regard.
- The Committee recommends to the Board of Directors the adoption of expected credit loss figures as part of the quarterly financial statements.

Board Risk Committee:

- The Committee reviews and recommends the adoption of the credit risk assessment framework and assumptions.
- The Committee is responsible for the accounting of expected credit losses and is reviewed at the level of the Board of Directors with respect to the roles and models used for the accounting.

Management Committee for Provisions:

- It is responsible for any exceptions to the results of the outputs of the systems, the specific procedures and the documented models of the accounting process.
- It reviews the process of staging rules and sets the necessary recommendations.
- It views the accounting of the expected credit losses and recommends the adoption.

Risk management:

- The Risk Management Department undertakes the necessary work to verify the validity and integrity of the methodologies and systems used in the application of IFRS 9.
- It is responsible for the accounting of expected credit losses.
- It reviews the used models and assumptions used in the accounting and recommends any required modifications to the independent model validation.
- It evaluates the credit rating systems, determinants and results.
- It analyses the various accounting results and reviews the accuracy and efficiency of the accounting process.
- It prepares detailed statements required by the Central Bank of Jordan.
- It makes recommendations to the Appropriations Committee on any override operation.
- It develops indicators that are indicators of significant change in credit risk.
- It reviews the transition between different stages, compares them with staging rules and reviews these limits periodically.

Finance Department:

- It participates with the departments concerned with reviewing the business model, through which the objectives and bases of acquisition and classification of financial instruments are determined, in order to ensure integration with other business requirements.
- It prepares accounting restrictions and reverse the results of the accounting on the main banking system.
- It reviews the necessary disclosures that are prepared by the Risk Department in cooperation with the relevant departments in the Bank.

Internal audit:

The Internal Audit Department undertakes the necessary work to verify the validity and integrity of the methodologies assumptions and systems used.

39-b Covid-19 and expected credit loss

The existence and spread of the novel Coronavirus (COVID-19) was confirmed in early 2020, which affected the commercial and economic activities. In response, governments and central banks launched economic support measures and relief actions (deferred payment) to reduce the impact on individuals and companies.

In determining the expected credit losses for the year ended 31 December 2020, the Group took into consideration (according to the best available information) the uncertainties of COVID-19 epidemic, economic support measures and relief actions from the Jordanian government and the Central Bank of Jordan. The Group also took into consideration the instructions issued by the Central Bank of Jordan (No. 10/3/4375 issued on 15 March 2020) and the guidelines issued by the International Accounting Standards Board on 27 March 2020 regarding the stage rating due to a significant increase in credit risk.

Determining whether there has been a significant increase in credit risk of IFRS 9

Financial assets at amortised cost are transferred from the current stage to the subsequent stage if they result from a significant increase in credit risk, in accordance with the requirements of IFRS 9. The significant increase in credit risk occurs when there is a significant increase in the risk of default over the expected useful life of a financial instrument.

The Group continues to assess various indicators that may indicate the borrowers' probability of default, taking into account the main reason for the financial difficulty that the borrower faces, to determine whether the cause is temporary as a result of COVID-19 or for a longer period as a result of the situation of the borrower›s financial situation.

The Group has started implementing a payment deferral program for its customers engaged in highly affected sectors by deferring the interest amount and the original instalment due for a period of one month to one year. These deferrals are short-term liquidity intended to address borrowers› cash flow matters. The deferrals provided to customers may indicate to a significant increase in credit risk. However, the Group believes that the extension of the deferrals period does not automatically mean a significant increase in credit risk, which calls for transferring the borrower to the next stage for the purposes of calculating the expected credit losses. The deferred payment process aims to provide assistance to borrowers affected by the COVID-19 outbreak to resume the payments on a regular basis. At this stage, there is insufficient information available to enable the Group to make a distinction between the short-term financial difficulties associated with COVID-19 and those associated with the borrowers› significant increase in credit risk over the age of the financial instrument. This approach is consistent with the projections of the Central Bank of Jordan as indicated in its circular (No. 10/3/4375 issued on 15 March 2020) which did not consider the arrangements related to the affected sectors during this period as rescheduling or restructuring of credit facilities during the period for the purpose of assessing the significant increase in credit risk. Accordingly, these deferrals were not considered to be an amendment to the terms of the contract.

Reasonableness of forward-looking and weighted probability

In preparing statements of expected credit losses as at 31 December 2020, it was taken into account the supportive governmental measures of mitigating the impact of COVID-19 in some sectors in addition to the application of judgment in the phased classification for specific sectors and customers whom the Group has good knowledge of their financial position and to what extent they have been affected by the outbreak of the COVID-19 epidemic. This led to classification of some of those customers within a more stringent stage, and the reason for that was due to cessation of production, decline in supply and demand, and losses resulting from the disruption of business of these companies as a result of the extensive /intermittent lockdown and the suspension of foreign trade and export operations due to the closure of the border ports of the Kingdom.Any changes made are subject to expected credit losses, as the macroeconomic indicators and the forward-looking of these variables used in the expected credit loss calculation system (Moody›s) have been updated according to the impact of the COVID-19 pandemic.

When studying the impact of Coronavirus on some affected sectors, the Group took into consideration many negative factors, including:

1. Impact on tourism returns
2. Impact on remittances of expatriates
3. Impact on external grants
4. Overall impact on the current account

On the other hand, a number of positive factors were taken into consideration, including:

1. Low oil prices
2. Initiatives of the Central Bank of Jordan and the Jordan Loan Guarantee Corporation
3. Central Bank instructions on deferral of loan instalments and interest
4. Initiatives of Government and the Social Security Corporation
5. Reducing interest rates
6. Enhancing the Bank›s liquidity by the Central Bank of Jordan (including reducing the cash reserves ratio)

The Bank has adjusted the weights associated with the upward, downward and baseline scenarios, so that the upward scenario percentage was adjusted from 30% to 0%, the downward from 30% to 90%, and the baseline from 40% to 10%, resulting in an additional provision of JD 4.6 million.

The Bank has amended the hair cut rates applied for real estate collaterals from 35% to 38%, resulting in an additional provision of JD 1.7 million.

The impact of such uncertain economic conditions is discretionary, and the Group will continue to reassess its position and the impact associated with it on a regular basis. As with any economic forecast, expectations and prospects are subject to a high degree of uncertainty and consequently actual results may differ significantly from those expected. Management expects a greater clarity of the impact of the COVID-19 on the Group›s business results, the size of expected credit losses, and the impact on liquidity at the end of 2021.

Exposures to credit risk (after provision for impairment, suspended interest, and before guarantees and other risk mitigations):

	31 Decem-ber 2020	31 Decem-ber 2019
Items within the consolidated balance sheet	JD	JD
Balances with central banks	297,372,740	351,555,800
Balances with banks and banking institutions	136,758,518	134,085,678
Deposits with banks and banking institutions	-	217,231
Direct credit facilities:		
For individuals	183,866,224	147,897,987
Real estate loans	190,357,394	217,435,392
Companies		
Big companies	946,832,966	988,481,113
Small and Medium Enterprises (SMEs)	123,124,805	91,927,303
For the government and the public sector	112,331,444	128,034,921
Bonds, Bonds and Bills:		
Within financial assets at fair value through other comprehensive income	42,577,182	50,309,286
Within the financial assets at amortized cost	402,110,610	308,656,110
Other assets	29,233,026	19,373,706
Items outside the consolidated balance sheet		
Guarantees	228,453,152	234,198,799
Credits	38,102,803	96,336,478
Acceptances	15,815,575	20,408,736
Ceilings for unexploited facilities (direct and indirect)	316,402,478	319,355,788
Total	**3,063,338,917**	**3,108,274,329**

The following is the distribution of the fair value of collaterals provided against direct credit facilities which are valued as per the requirements of the Central Bank of Jordan by independent experts at least once every two years, while the cash deposits balance is presented at fair value based on the exchange rates issued by the Central Bank of Jordan and are accounted for individually provided that the cash deposits balance does not exceed credit facilities balance in all cases:

Distribution of fair value of collaterals against credit exposures

	Gross amount of exposure	Cash de-posits	Quoted shares	Bank guar-antees ac-cepted	Real estate	Vehicles and machin-eries	Other	Gross amount of collaterals	Net expo-sures after collaterals	Expected credit loss
31 December 2020	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	297,372,740	-	-	-	-	-	-	-	297,372,740	
Balances at banks and fi-nancial institutions	142,808,362	-	-	-	-	-	-	-	142,808,362	5,968,773
Deposits at banks and fi-nancial institutions	-	-	-	-	-	-	-	-	-	-
Direct credit facilities:										
Retail	202,288,098	2,281,274	196,636	-	44,516,572	21,236,340	314,982	68,545,803	133,742,294	16,387,972
Real estate mortgage	221,155,759	2,797,384	-	-	304,484,324	2,001,957	223,795	309,507,460	-	22,961,285
Large companies	1,027,880,830	16,264,602	101,599,579	20,961,699	366,083,537	11,518,214	1,671,823	518,099,456	509,781,375	67,607,919
SMEs	132,436,439	14,311,580	6,909,820		69,265,785	13,284,241	16,120,717	119,892,143	12,544,296	8,037,169
Government and public sec-tor	112,438,870	-	-	-	-	-	-	-	112,438,870	107,426
Bills, bonds and notes:										
Within financial assets at fair value through the state-ment of comprehensive in-come	44,566,152	-	7,264,028		8,590,602			15,854,630	28,711,522	1,988,969
Within financial assets at amortised cost	402,110,610	-	-	-	-	-	-	-	402,110,610	-
Total	231,865,186	25,562,941	7,358,992	403,937	65,830,148	1,201,732	1,738,937	1,031,899,492	129,768,499	123,059,514
Financial guarantees	38,279,039	1,737,525	56,537		2,431,764	19,029	19,738	102,096,686	34,014,446	3,412,034
Letters of credit	335,519,081	20,571,692	52,592,369		73,701,498	2,812,437	4,151,013	4,264,593	181,690,071	176,236
Other liabilities	605,663,306	47,872,158	60,007,898	403,937	141,963,410	4,033,198	5,909,688	153,829,010	345,473,017	3,301,027
Total	**3,188,721,166**	**83,526,998**	**175,977,962**	**21,365,636**	**934,904,230**	**52,073,950**	**24,241,005**	**260,190,289**	**1,984,983,085**	**6,889,297**
Grand Total	**3,188,721,166**	**83,526,998**	**175,977,962**	**21,365,636**	**934,904,230**	**52,073,950**	**24,241,005**	**1,292,089,781**	**1,984,983,085**	**129,948,811**

The following is the distribution of the fair value of collaterals provided against direct credit facilities which are valued as per the requirements of the Central Bank of Jordan by independent experts at least once every two years, while the cash deposits balance is presented at fair value based on the exchange rates issued by the Central Bank of Jordan and are accounted for individually provided that the cash deposits balance does not exceed credit facilities balance in all cases:

Distribution of fair value of collaterals against credit exposures

	Gross amount of exposure	Cash de-posits	Quoted shares	Bank guar-antees ac-cepted	Real estate	Vehicles and machin-eries	Other	Gross amount of collaterals	Net expo-sures after collaterals	Expected credit loss
31 December 2019	JD	JD	JD-	JD	JD-	JD	JD	JD	JD	JD
Balances at central banks	351,555,800	-	-	-	-	-	-	-	351,555,800	-
Balances at banks and fi-nancial institutions	134,087,235	-	-	-	-	-	-	-	134,087,235	1,761
Deposits at banks and fi-nancial institutions	217,725	-	-	-	-	-	-	-	217,725	494
Direct credit facilities:	-	-	-		-	-	-	-	-	-
Retail	161,113,379	3,128,804			18,337,571	22,747,259	152,949	44,652,398	116,460,981	11,838,317
Real estate mortgage	238,491,792	4,392,533		21,352,060	325,209,211	1,926,111	60,001	331,587,856	-	15,725,946
Large companies	1,043,832,046	19,666,599	21,352,060	-	359,803,896	9,983,250	-	576,731,191	467,100,855	44,445,561
SMEs	97,808,207	14,100,085	-	-	46,178,794	15,164,677	344,316	79,126,249	18,681,958	4,816,981
Government and public sec-tor	128,438,162	-	-	-	-	-	-	-	-	403,242
Bills, bonds and notes:	-	-	-	-	-	-	-	-	-	-
Within financial assets at fair value through the state-ment of comprehensive in-come	51,750,583	-	-	-	10,267,525	-	-	15,711,555	36,039,028	1,441,297
Within financial assets at amortised cost	308,656,113	-	-	-	-	-	-	-	308,656,113	-
Financial instruments deriva-tive	-	-	-	-	-	-	-	-	-	-
Pledged financial instru-ments (debt instruments)	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	21,352,060	-	-	-	-	-	-
Total	2,515,951,043	41,288,021	21,352,060		759,796,996	49,821,297	557,265	1,047,809,248	1,432,799,696	78,673,598
Financial guarantees	236,617,585	28,867,413	6,537,476	520,618	67,513,683	1,251,545	92,574	104,783,309	131,834,276	2,418,785
Letters of credit	96,880,456	3,440,381	682,659	-	4,209,440	65,035		8,397,514	88,482,942	543,978
Other liabilities	342,205,345	20,983,594	69,089,529	-	77,441,679	2,866,807	183,766	170,565,375	171,639,970	2,440,820
Total	675,703,386	53,291,387	76,309,664	520,618	149,164,802	4,183,387	276,340	283,746,197	391,957,188	5,403,583
Grand Total	3,191,654,429	94,579,408	251,303,273	21,872,678	908,961,798	54,004,685	833,605	1,331,555,446	1,824,756,884	84,077,181

Distribution of fair value of collaterals against credit exposures for stage 3:

	Gross amount of exposure	Cash de-posits	Quoted shares	Bank guar-antees ac-cepted	Real estate	Vehicles and machin-eries	Other	Gross amount of collaterals	Net expo-sures after collaterals	Expected credit loss
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	6,049,582	-	-	-	-	-	-	-	6,049,582	5,968,773
Balances at banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Deposits at banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Direct credit facilities:	-	-	-	-	-	-	-	-	-	-
Retail	13,306,818	-	-	-	3,731,725	5,390,441	20,000	9,192,539	4,114,279	8,901,833
Real estate mortgage	47,289,989	-	-	-	46,697,308	279,083		46,977,332	312,657	18,762,925
Large companies	112,731,661	2,926,484	171,701	-	53,607,501	63,000		56,768,686	55,962,975	55,865,265
SMEs	13,869,914	98,373	2,197,080	-	8,233,624	3,603,074	158,978	14,291,129		6,671,695
Government and public sector	-	-		-	-	-	-	-	-	-
Bills, bonds and notes:	-	-		-	-	-	-	-	-	-
Within financial assets at fair value through the statement of comprehensive income	10,154,668	-	7,264,028	-	8,590,602			15,854,630		1,988,969
Within financial assets at amortised cost	-	-	-	-	-	-	-	-	-	-
Financial instruments derivative	-	-	-	-	-	-	-	-	-	-
Pledged financial instruments (debt instruments)	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total	203,402,631	3,024,857	9,632,810	-	120,860,760	9,335,598	178,978	143,084,315	66,439,492	98,159,460
Financial guarantees	2,020,162	57,600			413,892	47,082		518,573	1,501,589	1,749,925
Letters of credit										
Other liabilities	528,411	10,654	169		403,425	51,149		465,396	63,014	281,704
Total	2,548,573	68,254	-	-	817,316	98,231	-	983,970	1,564,604	2,031,629
Grand Total	205,951,204	3,093,110	9,632,810	-	121,678,076	9,433,829	178,978	144,068,285	68,004,096	100,191,089

A- Total distribution of exposures by financial instruments

	Financial	Manufacturing	Commercial	Properties	Agricultural	Shares	Individuals	Government and public sector	Services	Other	Total
	JD	JD	JD	JD	JD	JD	WJD	JD	JD	JD	JD
Balances at central banks		-	-	-	-	-	-	297,372,740			297,372,740
Balances at banks and financial institutions	136,217,823	-	-	-	-	540,957	-	-	-	-	136,758,780
Deposits at banks and financial institutions		-	-	-	-	-	-	-	-	-	
Credit facilities	61,592,440	347,149,023	236,628,918	173,901,107	30,624,965	2,476,157	220,921,045	112,331,444	370,887,734	-	1,556,512,833
Bills, bonds and notes:	-	-	-	-	-	-	-	-	-	-	-
Within financial assets at fair value through the statement of other comprehensive income.	4,948,213	-	8,262,132	-	-	-	-	24,898,262	4,468,577	-	42,577,184
Within financial assets at amortised cost		-		-	-	-	-	402,110,610	-	-	402,110,610
Other assets	25,403,292	-	-	3,829,734	-	-	88,878	-	-	-	29,321,904
Total/ current year	228,161,769	347,149,023	244,891,050	177,730,841	30,624,965	3,017,114	221,009,923	836,713,056	375,356,311	-	2,464,654,052
Financial guarantees	33,837,445	39,508,122	40,162,318	-	1,568,102	1,933,036	3,490,641	-	107,953,489	-	228,453,152
Letters of credit	4,229,345	11,395,154	19,356,863	-	138,693		195,361	-	2,787,387	-	38,102,803
Other liabilities	17,416,185	62,154,699	127,461,391	-	8,904,387	1,097,942	32,626,279	-	82,557,170	-	332,218,054
Grand Total	**283,644,744**	**461,270,498**	**431,871,623**	**177,730,841**	**41,236,147**	**6,048,091**	**257,322,203**	**836,713,056**	**568,654,357**		**3,063,428,060**

B- Distribution of exposures by classification stages under IFRS 9

	Stage 1 Individuals	Stage 1 Collective	Stage 2 Individuals	Stage 2 Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Financial	283,575,466	-	11,686	-	57,593	2W83,644,745
Industrial	397,834,052	-	49,607,462	-	12,765,485	460,206,998
Commercial	380,727,542	-	34,494,566	-	16,649,514	431,871,623
Properties	137,576,212	-	23,292,977	-	16,861,652	177,730,841
Agricultural	30,371,879	-	31,388	-	10,832,880	41,236,147
Shares	6,048,091	-	-	-		6,048,091
Individuals	223,243,593	-	11,016,608	-	23,062,003	257,322,204
Government and public sector	836,713,056	-	-	-		836,713,056
Services	539,374,041	-	28,112,460	-	1,167,855	568,654,355
Total	**2,835,463,932**	-	**146,567,147**	-	**81,396,981**	**3,063,428,060**

B- Distribution of exposures by classification stages under IFRS 9

Economic sector / Total/ comparative figures	Financial	Industrial	Commercial	Properties	Agricultural	Shares	Individuals	Government and public sector	Services	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
	288,771,440	509,738,767	428,563,901	182,775,548	46,519,617	12,231,519	266,857,872	809,959,060	562,856,605	3,108,274,330

Comparison of the credit exposures as per the classification instructions No. (47/2009) and comparatively with IFRS (9):

Item	As per the classification instructions No. (47/2009)				As per IFRS (9) Stage 1			As per IFRS (9) Stage 1			As per IFRS (9) Stage 3		
	Total	Interest in suspense	Balance	Provision	Total	ECL	Interest in suspense	Total	ECL	Interest in suspense	Total	ECL	Interest in suspense
Performing	1,405,946,495	133,579	1,405,812,916	0	1,363,761,321	14,531,535	54,970	35,551,154	1,621,448	9,295	6,070,664	1,277,106	55,430
Watch list	108,010,602	148,752	107,861,850	1,735,331	2,423	-	-	109,686,718	8,747,071	142,369	523,411	237,502	6,384
Non-performing	182,242,899	24,303,061	157,939,838	89,750,610	-	-	-	-	-	-	180,604,306	88,687,109	24,316,944
Sub-standard	4,036,808	59,975	3,976,832	807,204	-	-	-	-	-	-	2,804,183	745,166	30,603
Doubtful	34,249,587	1,084,332	33,165,255	13,645,465	-	-	-	-	-	-	32,211,892	13,351,564	1,025,650
Loss	143,956,505	23,158,754	120,797,751	75,297,940	-	-	-	-	-	-	145,588,231	74,590,379	23,260,691
Total	**1,696,199,997**	**24,585,392**	**1,671,614,604**	**91,485,940**	**1,363,763,744**	**14,531,535**	**54,970**	**145,237,872**	**10,368,519**	**151,664**	**187,198,381**	**90,201,718**	**24,378,759**

Scheduled debts

These are the debts that were previously classified as non-performing credit facilities and were taken out of the classification of non-performing credit facilities under a rescheduling agreement and classified as watch list, total debts rescheduled amounted to JD 14,033,426 during 2020 and were classified as watch list, rescheduled debts balance during 2019 amounted to JD 68,736,657.

Restructured debt

Restructuring refers to the rearrangement of credit facilities position in terms of instalments, extending the life of credit facilities, deferring certain instalments or extending the grace period , restructured but not classified debts' balance amounted to JD 10,808,718 during 2020 (compared to JD 96,934,237 during 2019) .

Bills, bonds and notes

The following table describes classification of bills, bonds and notes as per the external rating institutions as at 31 December 2020 and 2019 :

Grade Classification	Institutions Classification	Under assets Financial assets at fair value through comprehensive income	Under assets Financial assets at amortised cost	31 December 2020
		JD	JD	JD
A+	Fitch	-	-	-
+B	Fitch	-	-	-
B-	Fitch	-	-	-
BB	S&P	2,162,446	-	-
+B	S&P	725,361	-	-
WD	Fitch	-	-	-
CC	Fitch	-	-	-
B1	Moody's	24,172,900	-	24,172,900
B2	Moody's	-	-	-
B3	Moody's	-	-	-
Ba1	Moody's	-	-	-
Baa1	Moody's	-	-	-
Baa3	Moody's	2,306,131	-	2,306,131
+B	Moody's	-	-	-
Government	-	-	402,110,610	402,110,610
Unrated	-	13,210,345	-	-
Total		**42,577,183**	**402,110,610**	**428,589,641**

Grade Classification	Institutions Classification	Under assets Financial assets at fair value through comprehensive income	Under assets Financial assets at amortised cost	31 December 2019
		JD	JD	JD
A+	Fitch	-	-	-
+B	Fitch	-	-	3,549,780
B-	Fitch	-	-	-
BB-	Fitch	-	-	-
-BBB	Fitch	-	-	-
B	Fitch	9,112,970	-	9,112,970
CC	Fitch	2,840,621	-	2,840,621
B1	Moody's	18,871,608	-	18,871,608
B2	Moody's	4,972,318	-	4,972,318
B3	Moody's	7,813,002	-	7,813,002
Ba1	Moody's	-	-	-
Baa1	Moody's	816,786	-	816,786
Baa3	Moody's	2,332,201	-	2,332,201
+B	Moody's	-	-	-
Government	-	-	308,656,110	308,656,110
Unrated	-	-	-	-
Total		50,309,286	308,656,110	358,965,396

A- Total distribution of exposures by geographical areas:

	Inside the Kingdom	Other Middle East	Europe	Asia	Africa	America	Other countries	Total
	JD	JD	JD	دينـــار	JD	JD	JD	JD
Balances at central banks	295,490,991	-	1,881,749					297,372,740
Balances at banks and financial institutions	6,606	2,635,931	34,418,630	883,483	104,815	87,749,231	10,960,085	136,758,780
Deposits at banks and financial institutions	-	-	-	-	-	-	-	-
Credit facilities	1,368,926,143	-	187,586,730	-	-	-	-	1,556,512,833
Bills, bonds and notes:	-	-	-	-	-	-	-	-
Within financial assets at fair value through the statement of other comprehensive income	37,383,246	5,193,938	-	-	-	-	-	42,577,184
Within financial assets at amortised cost	402,110,610	-	-	-	-	-	-	402,110,610
Financial instruments derivative	-	-	-	-	-	-	-	-
Pledged financial instruments (debt instruments)	-	-	-	-	-	-	-	-
Other assets	26,682,113	-	2,639,791	-	-	-	-	29,321,904
Total/ current year	**2,130,599,709**	**7,829,868**	**226,526,860**	**883,483**	**104,815**	**87,749,231**	**10,960,085**	**2,464,654,052**
Financial guarantees	211,709,628	-	17,807,023	-	-	-	-	229,516,652
Letters of credit	29,651,933	-	8,450,871	-	-	-	-	38,102,803
Other liabilities	300,926,468	-	31,291,585	-	-	-	-	332,218,054
Grand Total	**2,671,824,238**	**7,829,868**	**284,076,339**	**883,483**	**104,815**	**87,749,231**	**10,960,085**	**3,063,428,061**

B- Distribution of exposures by classification stages under IFRS 9

	Stage 1 Individuals	Stage 1 Collective	Stage 2 Individuals	Stage 2 Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Inside the Kingdom	2,447,887,263	-	145,499,621	-	78,437,354	2,671,824,238
Other Middle East Countries	7,829,868	-	-	-	-	7,829,868
Europe	280,049,187	-	1,067,525	-	2,959,627	284,076,339
Asia	883,483	-	-	-	-	883,483
Africa	104,815	-	-	-	-	104,815
America	87,749,231	-	-	-	-	87,749,231
Other countries	10,960,085	-	-	-	-	10,960,085
Total	**2,835,463,932**	**-**	**146,567,147**	**-**	**81,396,981**	**3,063,428,060**

Credit exposure concentration as per the geographical distribution as at 31 December 2019:

Geographic region / Description	Inside the Kingdom	Middle East Countries other	Europe	Asia *	Africa *	America	Other countries	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Total/ comparative figures	2,694,601,692	17,363,539	317,255,558	13,848,713	104,790	53,266,335	11,833,503	3,108,274,130

* Except Middle East Countries.

Credit exposures reclassified

A. Gross exposures reclassified

	Stage 2		Stage 3		Gross exposures reclassified	Percentage of exposures reclassified
	Gross amount of exposure	Exposures reclassified	Gross amount of exposure	Exposures reclassified		
	JD	JD	JD	JD	JD	JD
Balances at central banks	-	-	-	-	-	0.00%
Balances at banks and financial institutions	-	-	6,049,582	-	-	0.00%
Deposits at banks and financial institutions	-	-	-	-	-	0.00%
Credit facilities:						0.00%
Retail	5,694,964	2,979,667	13,306,818	1,108,546	4,088,213	21.51%
Real estate mortgage	31,521,072	6,789,242	47,289,989	2,356,648	9,145,889	11.60%
Large companies	94,970,871	35,220,166	112,731,661	1,952,824	37,172,990	17.90%
SMEs	13,050,966	2,967,162	13,869,914	287,988	3,255,150	12.09%
Government and public sector	-	-	-	-	-	0.00%
Bills, bonds and notes:						0.00%
Within financial assets at fair value through the statement of comprehensive income		948,288	10,154,668		948,288	9.34%
Within financial assets at amortised cost	-	-	-	-	-	0.00%
Financial instruments derivative	-	-	-	-	-	0.00%
Pledged financial instruments (debt instruments)	-	-	-	-	-	0.00%
Other assets	-	-	-	-	-	0.00%
Total	145,237,872	48,904,524	203,402,631	5,706,006	54,610,530	15.66%
Financial guarantees	6,323,477	946,524	2,020,162	264,500	1,211,024	14.51%
Letters of credit	242,797	-	-	-	-	0.00%
Other liabilities	5,875,293	1,743,476	528,411	166,316	1,909,792	29.82%
Total	12,441,568	2,690,000	2,548,573	430,816	3,120,816	20.82%
Grand Total	157,679,440	51,594,524	205,951,204	6,136,822	57,731,346	15.88%

B. ECL of exposures reclassified

	Exposures reclassified			ECL of exposures reclassified				
	Gross exposures reclassified from Stage 2	Gross exposures reclassified from Stage 3	Gross reclassified exposures	Stage 2 Individuals	Stage 2 Collective	Stage 3 Individuals	Stage 3 Collective	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balances with central banks	-	-	-	-	-	-	-	
Balances with banks and banking institutions	-	-	-	-	-	-	-	
Deposits with banks and banking institutions	-	-	-	-	-	-	-	
Credit facilities:								
Retail	2,979,667	1,108,546	4,088,213	904,108		149,734		1,053,842
Real estate mortgage	6,789,242	2,356,648	9,145,889	715,366		112,533		827,899
Large companies	35,220,166	1,952,824	37,172,990	9,820,433		384,084		10,204,516
SMEs	2,967,162	287,988	3,255,150	527,455		4,977		532,433
Government and public sector								
Bills, bonds and notes:								
Within financial assets at fair value through the statement of comprehensive income	948,288		948,288	948,288				948,288
Within financial assets at amortised cost	-	-	-	-	-	-	-	0
Financial instruments derivative	-	-	-	-	-	-	-	0
Pledged financial instruments (debt instruments)	-	-	-	-	-	-	-	0
Other assets	-	-	-	-	-	-	-	0
Total	**48,904,524**	**5,706,006**	**54,610,530**	**12,915,650**	-	**651,328**	-	**13,566,978**
Financial guarantees	946,524	264,500	1,211,024	71,265	-	1,220	-	72,485
Letters of credit					-			
Other liabilities	1,743,476	166,316	1,909,792	40,852	-	60,189	-	101,041
Total	**2,690,000**	**430,816**	**3,120,816**	**112,117**	-	**61,409**	-	**173,526**
Grand Total	**51,594,524**	**6,136,822**	**57,731,346**	**13,027,767**	-	**712,737**	-	**13,740,504**

Credit exposure distribution

Bank's internal rating grade	Rating category as per the instructions (2009/ 47)	Gross amount of exposure	Expected credit losses (ECL)	Probability of Default (PD)	Rating according to external rating institutions	Exposure at default (EAD) in JD millions	Loss given default (LGD)%
STAGE 1							
	Normal	616,897,912	8,464,151	0.536 TO 100.000%		316,579,692	0.000 TO 53.493%
	Normal	43,534,110	3,148	0.465%	2	9,619,205	54.285%
	Normal	27,534,608	64	0.610%	2-	95,851	54.293%
	Normal	709,113			2+		
	Normal	41,777,368	36,874	1.060 TO 1.374%	3	5,538,605	49.486 TO 56.035%
	Normal	5,229,569			3-		
	Normal	20,752,310			3+		
	Normal	4,597,946	40,636	0.743 TO 1.029%	4-	4,509,213	47.863 TO 52.689%
	Normal	7,544,264	2,701	1.680%	4+	361,590	56.219%
	Normal	3,649			5		
	Normal	1,253,507	5,252	0.855 TO 1.071%	5-	1,083,870	52.689 TO 56.346%
	Normal	6,188,318	54,089	1.215 TO 1.669%	6	6,073,601	48.298 TO 56.061%
	Normal	1,329,929	17,176	2.235 TO 2.279%	6-	1,329,929	55.079 TO 56.906%
	Normal	426,509,330	689	0.904 TO 15.246%	6+	68,789,416	53.493 TO 55.376%
	Normal	1,974,701		2.370%	7+	1,881,749	61.155%
2+	Normal	1,418,000	15	0.031%		1,418,000	9.745%
2	Normal	3,590,395	473	0.054 TO 0.101%		3,590,395	0.000 TO 50.563%
2-	Normal	7,877,576	2,962	0.083 TO 0.274%		7,877,576	0.001 TO 54.008%
3+	Normal	186,373,529	225,582	0.033 TO 1.159%		186,373,529	0.000 TO 55.613%
3	Normal	61,038,284	52,802	0.044 TO 1.278%		60,996,304	0.001 TO 54.262%
3-	Normal	141,755,037	141,935	0.094 TO 1.620%		141,755,037	0.000 TO 55.758%
4+	Normal	97,899,484	227,689	0.105 TO 1.164%		98,081,330	0.000 TO 54.534%
4	Normal	128,406,124	313,040	0.129 TO 1.906%		128,682,790	0.000 TO 56.402%
4-	Normal	115,533,786	552,248	0.317 TO 2.445%		115,533,786	0.000 TO 55.049%
5+	Normal	224,821,589	2,052,279	0.267 TO 4.004%		224,821,589	0.000 TO 55.547%
5	Normal	184,221,091	1,086,256	0.362 TO 5.785%		184,242,888	0.000 TO 56.390%
5-	Normal	265,901,326	1,793,551	0.530 TO 7.423%		271,848,861	0.000 TO 54.822%
6+	Normal	84,374,613	1,762,821	0.729 TO 11.645%		84,374,613	0.000 TO 54.771%
6	Normal	99,855,557	866,549	1.251 TO 17.322%		99,855,557	0.000 TO 55.063%
6-	Normal	485,690	19,377	5.516 TO 11.793%		485,690	3.907 TO 52.443%
7+	Normal	480,494	14,561	8.405 TO 29.843%		480,494	0.069 TO 55.500%
7	Normal	15,218,890	1,156,604	2.909 TO 27.089%		15,218,890	1.954 TO 47.923%
	Watch	10		11.948%		10	0.000%
5	Watch	2,413	8,464,151	2.328%		2,413	0.000%

Credit exposure distribution

Bank's internal rating grade	Rating category as per the instructions (2009/ 47)	Gross amount of exposure	Expected credit losses (ECL)	Probability of Default (PD)	Rating according to external rating institutions	Exposure at default (EAD) in JD millions	Loss given default (LGD)%
STAGE 2							
	Normal	9,783,827	1,058,471	0.536 TO 100.000%		9,777,653	0.000 TO 53.493%
4	Normal	268,025	926	0.657 TO 1.617%		268,025	8.602 TO 54.289%
4-	Normal	309,949	1,056	1.106 TO 1.726%		309,949	10.319 TO 23.508%
5+	Normal	1,475,882	7,414	1.177 TO 3.896%		1,475,882	0.000 TO 54.142%
5	Normal	2,180,935	25,590	1.457 TO 5.068%		2,177,823	0.000 TO 52.888%
5-	Normal	6,999,410	80,973	0.632 TO 6.928%		7,008,589	6.262 TO 53.787%
6+	Normal	20,770,263	577,748	2.692 TO 10.553%		20,770,263	0.000 TO 55.063%
6	Normal	5,304,734	296,522	4.151 TO 16.140%		5,304,734	10.000 TO 53.422%
6-	Normal	116,829	491	7.583 TO 9.902%		116,829	11.083 TO 53.415%
7	Normal	8,503	244	21.137 TO 21.859%		8,503	7.557 TO 53.307%
7-	Normal	16,506	1,724	17.734 TO 28.868%		16,506	42.174 TO 57.738%
	Watch	1,568,631	248,569	0.536 TO 89.738%		1,568,625	0.000 TO 53.493%
4	Watch	257,457	1,130	0.635 TO 0.637%		257,457	40.520 TO 54.723%
4-	Watch	1,003,741	9,552	1.418%		1,003,741	38.478%
5+	Watch	2,315,059	19,263	0.290 TO 1.993%		2,315,059	12.582 TO 29.795%
5	Watch	7,065,025	149,671	1.688 TO 4.994%		7,065,025	10.190 TO 54.824%
5-	Watch	6,959,273	506,567	1.990 TO 5.168%		6,822,502	6.667 TO 29.608%
6	Watch	69,284,356	4,564,998	3.780 TO 14.965%		69,728,484	6.898 TO 54.267%
7+	Watch	2,430,672	606,172	10.165 TO 32.145%		2,430,672	16.854 TO 55.257%
7	Watch	13,729,422	2,288,951	15.770 TO 32.670%		13,729,422	23.019 TO 52.338%
7-	Watch	5,830,941	514,598	29.114 TO 38.505%		5,830,941	10.000 TO 11.585%
STAGE 3							
	Normal	3,695,207	811,562	100.000%		3,662,733	0.000 TO 100.000%
	Normal	16,266,609	13,159,112	100.000%	10	22,485,106	10.000 TO 99.990%
10	Normal	2,767,805	784,457	100.000%		2,765,902	0.000 TO 99.990%
	Watch	259,989	68,686	100.000%		254,166	0.000 TO 40.800%
10	Watch	301,422	172,170	100.000%		302,103	8.824 TO 99.990%
	Substandard	1,977,480	705,938	100.000%		1,974,807	0.000 TO 59.670%
10	Substandard	1,014,476	151,673	100.000%		986,545	6.416 TO 99.990%
	Doubtful	3,125,044	1,611,695	100.000%		3,046,434	0.000 TO 100.000%
10	Doubtful	29,437,510	11,997,135	100.000%		28,490,497	0.000 TO 99.990%
	Loss	17,122,240	10,001,413	100.000%		14,298,398	0.000 TO 100.000%
10	Loss	129,983,423	65,866,259	100.000%		109,576,363	0.000 TO 99.990%

40/A Market risk

Market risks are losses of the value arising from changes in market prices as the change in interest rates, foreign exchange rates, prices of financial instruments and therefore changes in fair value of the cash flows of financial instruments within and outside the consolidated statement of financial position.

The bank has defined policies and procedures for identifying, measuring, monitoring and controlling market risks, they are reviewed periodically and their implementation is monitored, where the investment policy committee studies and recommends them after confirming their compliance with the instructions of the Central Bank of Jordan, they are then implemented and approved by the board of directors.

The acceptable risk policy is determined under treasury operations and includes limits for market risk control, where they are complied with and their implementation is verified periodically and continuously by monitoring their implementation by the risk management department and submitting various periodic reports which in turn are presented to the Assets and Liabilities Committee and the board of directors.

The bank holds a share and bond portfolio for trading purposes (Financial Assets at Fair Value though Profit or Loss), for which the sensitivity analysis method is used, where risks are currently measured through the standard approach to calculate the minimum share capital as recommended by Basel Committee.

40/B Interest rate risk:

Interest rate risk arises from the probability of change in interest rates, consequently affecting cash flows or air value of the financial instrument. The bank is exposed to interest rate risk as a result of time gaps for repricing between assets and liabilities, such gaps are monitored on a periodic basis by the Assets and Liabilities Committee, and sometimes various hedging methods are used to remain within acceptable limits of interest rate risk gaps.

- **Sensitivity analysis:**

For 2020

Currency	Change of increase in interest rate (percentage point)	Sensitivity of interest income (profit and loss)	Sensitivity of equity
	%	JD	JD
USD	1	18,454	(265,152)
Euro	1	(47,833)	-
GBP	1	(69,179)	-
JPY	1	-	-
Other currencies	1	(100,540)	-

Currency	Change of increase in interest rate (percentage point)	Sensitivity of interest income (profit and loss)	Sensitivity of equity
	%	JD	JD
USD	1	(18,454)	347,701
Euro	1	47,833	-
GBP	1	69,179	-
JPY	1	-	-
Other currencies	1	100,540	-

For 2019

Currency	Change of increase in interest rate (percentage point)	Sensitivity of interest income (profit and loss)	Sensitivity of equity
	%	JD	JD
USD	1	(1,507,581)	237,964
Euro	1	(50,812)	-
GBP	1	(90,445)	-
JPY	1	-	-
Other currencies	1	(30,751)	-

Currency	Change of increase in interest rate (percentage point)	Sensitivity of interest income (profit and loss)	Sensitivity of equity
	%	JD	JD
USD	1	1,507,581	(181,962)
Euro	1	50,812	-
GBP	1	90,445	-
JPY	1	-	-
Other currencies	1	30,751	-

- Currency risk: :

The table below shows the currencies that the Bank is exposed to and the effect of a possible and reasonable change on their prices against the Jordanian Dinar on the consolidated statement of income, and the currency position are monitored on a daily basis to verify they remain within the specified limits and submits reports thereon to the Assets and Liabilities Committee as well as to the Board of Directors.

For 2020

Currency	Change in foreign currency rates	Impact on profit and loss	Impact on Equity
	%	JD	JD
USD	5	2,912	-
GBP	5	1,373	-
JPY	5	1,617	-
Other currencies	5	14,217	-

For 2019

Currency	Change in foreign currency rates	Impact on profit and loss	Impact on Equity
	%	JD	JD
USD	5	(7,648)	-
GBP	5	3,464	-
JPY	5	333	-
Other currencies	5	1,381	-

- Risk of change in shares prices:

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

For 2020

Index	Change in index	Impact on profit and loss	Impact on Equity
	%	JD	JD
Amman market index	5	-	194,290
Palestine market index	5	-	269,225
Kuwait market index	5	-	2,765
NASDAQ – USA		-	-

2019 العام

Currency	Change in index	Impact on profit and loss	Impact on Equity
	%	JD	JD
Amman market index	5	-	254,928
Palestine market index	5	-	277,787
Kuwait market index	5	-	-
NASDAQ – USA		-	-

Re-pricing interest gap:

The Bank follows a consistent policy in the amounts of assets and liabilities and aligns the maturities to reduce the gaps by dividing assets and liabilities into multiple timing categories or maturities on review interest rates, whichever is less, to reduce risk in interest rates, study gaps in interest rates associated with them, and use hedging policies through advanced tools such as derivatives.

Classification is made on the basis of interest repricing or maturity periods, whichever is earlier.

Interest rate sensitivities are as follows:

	Re-pricing interest gap							
	Less than 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	From 1 year to 3 years	3 years or more	Elements non-bearing interest	Total
31 December 2020	JD	JD	JD	JD	JD	JD	JD	JD
Assets								
Cash and balances at Central Banks	339,661,475	22,208,130	-	-	-	-	-	361,869,605
Balances at banks and financial institutions	125,508,378	5,985,255	-	-	-	-	5,264,885	136,758,518
Deposits at banks and financial institutions	-	-	-	-	-	-	-	-
Direct credit facilities, net	115,789,483	666,117	36,475	179,055,553	737,822,667	360,322,916	162,819,622	1,556,512,833
Loan with right to repurchase at fair value	-	-	-	-	10,000,000	-	-	10,000,000
Financial assets at fair value through the statement of comprehensive income	8,262,132	-	-	-	7,254,344	27,060,707	43,290,091	85,867,274
Financial assets at amortised cost	-	66,399,251	-	46,089,618	270,806,848	18,814,894	-	402,110,610
Property and equipment, net	-	-	-	-	-	-	28,527,698	28,527,698
Intangible assets, net	-	-	-	-	-	-	1,964,717	1,964,717
Right of use of leased assets	-	-	-	-	-	-	13,347,577	13,347,577
Deferred tax assets	-	-	-	-	-	-	36,718,616	36,718,616
Other assets	3,775,736	5,382,126	5,897,814	9,406,061	4,818,715	10,398,389	130,896,114	170,574,955
Assets held for sale, net	-	-	-	-	-	-	5,642,817	5,642,817
Total assets	**592,997,205**	**100,640,878**	**5,934,289**	**234,551,232**	**1,030,702,573**	**416,596,906**	**428,472,137**	2,809,895,220

	Re-pricing interest gap							
	Less than 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	From 1 year to 3 years	3 years or more	Elements non-bearing interest	Total
Liabilities:								
Deposits with banks and banking institutions	43,147,143	-	105,016,534	25,524,000	-	-	-	173,687,677
Customers' deposits	229,448,307	661,282,777	182,266,266	260,271,310	583,408	-	543,698,415	1,877,550,483
Cash margins	26,799,110	24,778,388	9,285,936	13,016,603	15,280	-	-	73,895,317
Borrowings	4,323,252	-	-	10,000,000	71,229,126	42,703,066	-	128,255,444
other provisions	-	-	-	-	-	-	14303613	14,303,613
Bond	-	-	-	-	11,000,000	-	-	11,000,000
Provision for income tax	-	-	-	-	-	-	2,176,841	2,176,841
Deferred tax liabilities	-	-	-	-	-	-	2,555,136	2,555,136
Liabilities against right of use leased assets	1,007,045	544,306	544,306	1,088,613	4,922,993	4,282,694	-	12,389,957
Other liabilities	14,525,679	7,735,885	7,597,559	8,034,611	9,757,373	8,167,135	-	55,818,242
Liabilities directly associated with assets held for sale	-	-	-	-	-	-	1,529,164	1,529,164
Total liabilities	**319,250,536**	**694,341,356**	**304,710,602**	**317,935,137**	**97,508,180**	**55,152,895**	**564,263,169**	**2,353,161,874**
Re-pricing interest gap	**273,746,669**	**(593,700,478)**	**(298,776,312)**	**(83,383,905)**	**933,194,393**	**361,444,011**	**(135,791,032)**	**456,733,346**

Re-pricing interest gap:

The Bank follows a consistent policy in the amounts of assets and liabilities and aligns the maturities to reduce the gaps by dividing assets and liabilities into multiple timing categories or maturities on review interest rates, whichever is less, to reduce risk in interest rates, study gaps in interest rates associated with them, and use hedging policies through advanced tools such as derivatives.

Classification is made on the basis of interest repricing or maturity periods, whichever is earlier.

Interest rate sensitivities are as follows:

	Re-pricing interest gap							
	Less than 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	From 1 year to 3 years	3 years or more	Elements non-bearing interest	Total
31 December 2019	JD	JD	JD	JD	JD	JD	JD	JD
Assets								
Cash and balances at Central Banks	370,862,302	-	-	31,142,388	-	-	-	402,004,690
Balances at banks and financial institutions	54,173,121	13,158,595	-	-	-	-	66,753,963	134,085,678
Deposits at banks and financial institutions	-	-	217,231	-	-	-	-	217,231
Direct credit facilities, net	272,422,787	45,065,696	80,811,977	429,723,829	279,950,602	465,801,825	-	1,573,776,716
Financial assets at fair value through the statement of comprehensive income	129,875	-	11,362,782	-	7,304,520	31,512,109	45,815,020	96,124,306
Financial assets at amortised cost	19,999,518	10,003,722	20,001,707	56,432,031	163,397,912	38,821,220	-	308,656,110
Property and equipment, net	-	-	-	-	-	-	26,711,598	26,711,598
Intangible assets, net	-	-	-	-	-	-	1,357,766	1,357,766
Right of use of leased assets	-	-	-	-	-	-	14,278,048	14,278,048
Deferred tax assets	-	-	-	-	-	-	30,301,943	31,137,943
Other assets	2,067,454	3,758,703	5,010,919	7,370,243	2,490,779	8,567,783	134,066,250	163,332,131
Assets held for sale, net	-	-	-	-	-	-	4,318,694	4,318,694
Total assets	**719,655,056**	**71,986,716**	**117,404,616**	**524,668,491**	**453,143,813**	**544,702,936**	**323,603,282**	**2,756,000,911**

	Re-pricing interest gap							
	Less than 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	From 1 year to 3 years	3 years or more	Elements non-bearing interest	Total
	دينـــــــار	دينـــــــار	دينـــــــار	دينـــــــار	دينـــــــار	دينـــــــار	دينـــــــار	دينـــــــار
Liabilities								
Deposits with banks and banking institutions	44,494,819	-	78,308,695	18,434,000	-	-	-	141,237,514
Customers’ deposits	163,272,021	675,647,455	257,044,305	186,713,308	548,425		582,866,991	1,866,092,506
Cash margins	33,387,181	25,551,050	9,587,626	13,652,765	-	-	-	82,178,622
Borrowings	83,337	35,000,000	18,750	10,426,421	4,009,390	49,364,420	3,305,146	102,207,464
other provisions	-	-	-	-	-	-	12,408,652	12,408,652
Provision for income tax	-	-	-	-	-	-	14,760,848	14,760,848
Deferred tax liabilities	-	-	-	-	-	-	3,489,800	3,489,800
Liabilities against right of use leased assets	1,076,556	581,878	581,878	1,163,755	5,262,805	4,578,309	-	13,245,180
Other liabilities	15,267,821	8,291,675	7,921,679	8,253,966	9,895,052	9,911,958	-	59,542,151
Liabilities directly associated with assets held for sale	-	-	-	-	-	-	1,305,735	1,305,735
Total liabilities	**257,581,736**	**745,072,058**	**353,462,932**	**238,644,215**	**19,715,672**	**63,854,687**	**618,137,172**	**2,296,468,472**
Re-pricing interest gap	**462,073,321**	**(673,085,342)**	**(236,058,316)**	**286,024,276**	**433,428,141**	**480,848,249**	**(294,533,890)**	**459,532,439**

Concentration in foreign exchange risk

	USD	Euro	GBP	JPY	Others	Total
31 December 2020	JD	JD	JD	JD	JD	JD
Assets:						
Cash and balances with Central Banks	61,075,632	4,713,291	515,252	-	802,081	67,106,256
Balances with banks and banking institutions	89,478,876	28,338,729	12,127,191	181,734	12,498,433	142,624,963
Deposits with banks and banking institutions	-	-	-	-	-	-
Direct credit facilities - net	350,981,367	2,599,365	2,370,001	-	-	355,950,733
Financial assets at fair value through comprehensive income	54,310,861	98,415	-	-	2,975,577	57,384,853
Financial assets at amortised cost	73,879,503	-	-	-	-	73,879,503
Property and equipment	957,461	-	-	-	-	957,461
Intangible assets	17,979	-	-	-	-	17,979
Other assets	4,219,485	556,979	-24,864	-	12,860	4,764,460
Total assets	634,921,165	36,306,778	14,987,580	181,734	16,288,951	702,686,208
Liabilities:						
Deposits with banks and banking institutions	135,646,612	103,962	111	239	6,173,011	141,923,936
Customers' deposits	391,801,799	35,273,814	14,205,150	149,152	8,907,150	450,337,065
Cash margins	15,120,396	487,612	750,520	-	1,722,074	18,080,602
Provision for Income tax	-	210,323	-	-	-	210,323
Other liabilities	3,920,058	164,513	4,336	-	121,762	4,210,669
Total liabilities	546,488,866	36,240,224	14,960,117	149,391	16,923,998	614,762,595
Net concentration in the consolidated statement of financial position for the current year	88,432,299	66,554	27,463	32,343	(635,046)	87,923,613
Contingent liabilities off-the consolidated statement of financial position for the current year	**148,868,454**	**10,080,408**	**44,901**	-	**5,011,791**	**164,005,554**

	USD	Euro	GBP	JPY	Others	Total
31 December 2019	JD	JD	JD	JD	JD	JD
Assets:						
Cash and balances with Central Banks	52,211,754	3,658,605	1,627,828	-	-	58,158,821
Balances with banks and banking institutions	61,355,992	48,171,144	13,923,074	1,627,828	660,633	133,872,073
Deposits with banks and banking institutions	17,689	-	-	13,923,074	9,940,924	17,689
Direct credit facilities - net	353,100,379	3,499,692	2,379,406	-	-	358,979,476
Financial assets at fair value through comprehensive income	64,479,417	82,596	-	2,379,406	-	68,542,164
Financial assets at amortised cost	73,879,889	-	-	-	3,980,151	73,879,889
Property and equipment	-	-	-	-	-	-
Intangible assets	1,060,298	-	-	-	-	1,060,298
Deferred tax assets	40,012	-	-	-	-	40,012
Other assets	4,784,542	392,474	103,192	-	-	5,307,681
Total assets	610,929,973	55,804,511	18,033,500	103,192	27,472	699,858,104
				18,033,500	14,609,180	
Liabilities:						
Deposits with banks and banking institutions	100,187,310	253,010	-	227	4,326,553	104,767,100
Customers' deposits	403,920,478	52,250,366	17,328,407	469,384	8,901,381	482,870,016
Cash margins	18,275,245	2,944,945	631,936	4,661	1,668,547	23,525,334
other provisions	-	-	-	-	-	-
Provision for income tax	-	191,770	-	-	-	191,770
Other liabilities	3,711,684	317,124	3,873	-	20,542	4,053,222
Total liabilities	526,094,717	55,957,215	17,964,216	474,272	14,917,023	615,407,443
Net concentration in-the consolidated statement of financial position for the current year	84,835,256	(152,704)	69,284	6,667	(307,843)	84,450,660
Contingent liabilities off-the consolidated statement of financial position for the current year	**206,661,858**	**25,057,975**	**105,816**	93,224	**8,458,276**	**240,337,149**

C- Liquidity risk

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

- Liquidity risk is defined as the losses that the Bank may be exposed to due to lack of funds needed to finance the increase of its investments or to repay its obligations when they become due at appropriate time and cost. (This is part of asset and liability management (ALM).
- The Bank is commitment to liquidity ratios set by the Central Bank and the supervisory authorities under which the Bank›s external branches operate, and the Bank›s liquidity is monitored on a daily basis.
- Liquidity is also monitored by the ALCO chaired by the Director General through periodic reports..

	Less than 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	From 1 year to 3 years	Over 3 years	Elements non-bearing interest	Total
31 December 2020								
Liabilities:	JD	JD	JD	JD	JD	JD	JD	JD
Deposits with banks and banking institutions	46,794,000		101,369,677	25,524,000				173,687,677
Customers' deposits	773,146,722	661,282,777	182,266,266	260,271,310	583,408	-	-	1,877,550,483
Cash margins	26,799,110	24,778,388	9,285,936	13,016,603	15,280	-	-	73,895,317
Borrowings	4,323,252	-	-	10,000,000	71,229,126	42,703,066	-	128,255,444
Liabilities against right of use leased assets	1,007,045	544,306	544,306	1,088,613	4,922,993	4,282,694	-	12,389,957
bond	-	-	-	-	11,000,000	-	-	11,000,000
other provisions	-	-	-	-	-	-	14,303,613	14,303,613
Provision for income tax	-	-	-	-	-	-	2,176,841	2,176,841
Deferred tax liabilities	-	-	-	-	-	-	2,555,136	2,555,136
Other liabilities	14,525,679	7,735,885	7,597,559	8,034,611	9,757,373	8,167,135	-	55,818,242
Liabilities directly associated with assets held for sale	-	1,529,164	-	-	-	-	-	1,529,164
Total	866,595,808	695,870,520	301,063,745	317,935,137	97,508,180	55,152,895	19,035,590	2,353,161,874
Total assets	**594,088,884**	**79,022,800**	**6,524,341**	**263,582,281**	**1,036,039,307**	**589,240,372**	**241,397,236**	**2,809,895,220**

	Less than 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	From 1 year to 3 years	Over 3 years	Elements non-bearing interest	Total
31 December 2019								
Liabilities:	JD	JD	JD	JD	JD	JD	JD	JD
Deposits with banks and banking institutions	44,494,819		78,308,695	18,434,000				141,237,514
Customers' deposits	746,139,012	675,647,455	257,044,305	186,713,308	548,425	-	-	1,866,092,506
Cash margins	33,387,181	25,551,050	9,587,626	13,652,765	-	-	-	82,178,622
Borrowings	83,337	35,000,000	18,750	10,426,421	4,009,390	49,364,420	3,305,146	102,207,464
Liabilities against right of use leased assets	-	11,115	27,427	9,620	616,347	12,580,671	-	13,245,180
other provisions	-	-	-	-	-	-	12,408,652	12,408,652
Provision for income tax	-	-	14,760,848	-	-	-	-	14,760,848
Deferred tax liabilities	-	-	-	-	-	-	3,489,800	3,489,800
Other liabilities	15,267,821	8,291,675	7,921,679	8,253,966	9,895,052	9,911,958	-	59,542,151
Liabilities directly associated with assets held for sale	-	1,305,735		-	-	-	-	1,305,735
Total	794,877,351	745,807,030	289,360,634	219,056,081	15,069,214	71,857,050	19,203,598	2,296,468,472
Total assets	**788,609,020**	**71,998,765**	**117,434,344**	**524,678,920**	**453,811,940**	**558,260,649**	**241,207,273**	**2,756,000,911**

Second: Items off-the financial position (Total):

31 December 2020

	Up to one year	1 to 5 years	Over 5 years	Total
	JD	JD	JD	JD
Letters of credits and acceptances	54,196,154	-	-	54,196,154
Un-utilised limits (direct and indirect)	315,545,147	4,056,820	-	319,601,966
Guarantees	211,310,001	20,554,880	305	231,865,186
Total	**526,855,147**	**24,611,700**	**305**	**605,663,306**

31 December 2019

	Up to one year	1 to 5 years	Over 5 years	Total
	JD	JD	JD	JD
Letters of credits and acceptances	117,397,122	-	-	117,397,122
Un-utilised limits (direct and indirect)	291,466,561	30,222,118	-	321,688,679
Guarantees	207,467,130	29,150,176	278	236,617,584
Total	**616,330,813**	**59,372,294**	**278**	**675,703,385**

(41) Information about the Bank›s business segments

The Bank is organized for administrative purposes through four main business segments that are measured according to the reports that are used by the CEO and the main decision-makers at the Bank. The Bank also has a subsidiary specialized in financial brokerage services and a subsidiary specialized in financial leasing services as at the date of the consolidated financial statements:

Retail accounts: Includes handling individual customers› deposits, and providing credit facilities, credit cards and other services .

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

Treasury: Includes providing trading and treasury services and the management of the Bank›s funds. **Others:** Includes activities inapplicable to the definition of the Bank›s above mentioned segments.

Financial brokerage services: Practicing most of the brokerage and financial consultation services.

Financial leasing services: Practicing financial leasing services and real estate development projects.

Financial consultation services and issues: Practicing financial consultation services and management of issues.

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The following is information on the Bank›s business segments distributed by activity:

	Retail	Corporates	Treasury	Financial brokerage	Finance leasing	Financial consultations	Others	Total for the year ended 31 December 2020
	JD	JD	JD	JD	JD	JD	JD	JD
Total income for the year - statement (b)	13,454,069	52,168,647	34,466,273	-	5,344,320	-	2,782,875	108,216,184
Less: expected credit losses	12,798,621	24,788,612	11,749,634	-	1,398,981	-	1,485,714	52,221,562
Segment business results	655,448	27,380,035	22,716,639	-	3,945,339	-	1,297,161	55,994,621
Less: unallocated expenses on segments	-	-	-	-	-	-	61,573,372	61,573,372
Profit for the year before income tax	655,448	27,380,035	22,716,639	-	3,945,339	-	(60,276,211)	(5,578,751)
Less: income tax for the year	-	-	-	-	1,231,922	-	(2,838,213)	(1,606,291)
Profit for the year from continued operations - statement (b)	655,448	27,380,035	22,716,639	-	2,713,417	-	(57,437,998)	(3,972,460)
Net profit for the year from discontinued operations - statement (b)	-	-	-	(379,547)	-	(159,268)	-	(538,815)
Net profit for the year - statement (b)	655,448	27,380,035	22,716,639	(379,547)	2,713,417	(159,268)	(57,437,998)	(4,511,275)
Capital expenses							4,968,669	4,968,669
Depreciations and amortisations							4,715,649	4,715,649
Segment assets	374,223,618	1,203,283,863	999,983,701	6,727,012	85,309,793	445,648	-	2,669,973,635
Unallocated assets on segments	-	-	-	-	-	-	139,921,585	139,921,585
Total assets	374,223,618	1,203,283,863	999,983,701	6,727,012	85,309,793	445,648	134,223,559	2,809,895,220
Liabilities of segment	1,159,999,739	801,446,061	317,027,421	1,399,312	47,535,175	129,852	-	2,327,537,560
Unallocated liabilities on segments							25,925,733	25,925,733
Total liabilities	**1,159,999,739**	**801,446,061**	**317,027,421**	**1,399,312**	**47,535,175**	**129,852**	**25,624,314**	**2,353,463,293**

	Retail	Corporates	Treasury	Financial brokerage	Finance leasing	Financial consultations	Others	Total for the year ended 31 December 2020
	JD	JD	JD	JD	JD	JD	JD	JD
Total income for the year - statement (b)	17,405,892	69,921,611	29,398,270	-	5,166,197	-	179,329	122,071,299
Less: provision for impairment of direct credit facilities	4,245,821	9,475,069	-	-	252,206	-	-	13,973,096
Segment business results	13,160,071	60,446,542	29,398,270	-	4,913,991	-	179,329	108,098,203
Less: unallocated expenses on segments	-	-	-	-	1,057,643	-	60,276,717	61,334,361
Profit for the year before income tax	13,160,071	60,446,542	29,398,270	-	3,856,348	-	(60,097,388)	46,763,842
Less: income tax for the year	-	-	-	-	1,183,048	-	15,679,386	16,862,434
Profit for the year from continued operations - statement (b)	13,160,071	60,446,542	29,398,270	-	2,673,300	-	(75,776,774)	29,901,408
Net profit for the year from discontinued operations - statement (b)	-	-	-	(127,402)	-	163,613	-	36,211
Net profit for the year - statement (b)	13,160,071	60,446,542	29,398,270	127,402	2,673,300	(163,613)	(75,776,774)	29,937,619
Capital expenses							4,014,609	4,014,609
Depreciations and amortisations							6,575,780	6,575,780
Segment assets	365,333,379	1,209,279,337	942,360,723	4,318,694	73,285,529	578,326	136,505,007	2,731,660,995
Unallocated assets on segments	-	-	-	-	-	-	24,339,916	24,339,916
Total assets	365,333,379	1,209,279,337	942,360,723	4,318,694	73,285,529	578,326	160,844,923	2,756,000,911
Liabilities of segment	1,178,238,072	805,750,608	251,934,778	1,305,735	37,003,370	126,195	13,245,180	2,287,603,938
Unallocated liabilities on segments	-	-	-	-	-	-	8,864,534	8,864,534
Total liabilities	1,178,238,072	805,750,608	251,934,778	1,305,735	37,003,370	126,195	22,109,714	2,296,468,472

B. Geographical distribution information

This note represents the geographical distribution of the Bank's businesses. The Bank conducts its activities mainly in the Hashemite Kingdom of Jordan, which represents local businesses. The Bank also carries out international activities through the Bank's branch in Cyprus.

The following is the distribution of the Bank's revenues, assets, and capital expenses by geographical sector:

	Inside the Kingdom		Outside the Kingdom		Total	
	For the year ended 31 December		For the year ended 31 December		For the year ended 31 December	
	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD
Total income - statement (b)	99,866,853	122,071,299	8,349,331	8,711,739	108,216,184	113,359,560
Capital expenses	4,014,609	4,014,609	-	-	4,014,609	4,014,609

	31 December		31 December		31 December	
	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD
Total assets	**2,403,245,279**	**2,349,402,573**	**406,649,941**	**406,598,338**	**2,809,895,220**	**2,756,000,911**

(42) Capital management:

A. Description of what is considered to be Capital is classified into several categories as paid capital, economic capital and regulatory capital. The regulatory capital is defined as per the Banks Law by the total value of the items determined by the Central Bank for control purposes in order to meet the requirements of the capital adequacy ratio established in accordance with instructions issued by the Central Bank.

B. Regulatory requirements for capital, and how to meet these requirements. .

The instructions of the Central Bank require that the paid-up capital is not less than JD 100 million, and that the ratio of shareholders› equity to assets is not less than 6%. As for the regulatory capital, the instructions of the Central Bank require that its ratio to the weighted assets (capital adequacy ratio) is not less than 12% and the Bank ensures that it is compliant there with.

The Bank is committed to Article (62) of the Banks Law, which requires the Bank to deduct annually 10% of its net profit in the Kingdom to the legal reserve account and to continue to deduct it until such reserve reaches the equivalent of the Bank's subscribed capital, and this deduction corresponds to the statutory reserve stipulated in the Companies Law.

The Bank is committed to Article (41) of the Banks Law, which requires compliance with the limits set by the Central Bank relating to the following:

1-Risk ratios of its assets and risk-weighted assets, as well as the elements of capital, reserves, and regulatory accounts.

2- Ratio of the total borrowings to the regulatory capital that the Bank is allowed to grant for the benefit of a person and his associates or the related parties.

3- Ratio of the total borrowings granted to the Bank›s top ten customers to the total amount of borrowings granted by the Bank.

C. How to achieve the objectives of capital management..

The Bank ensures the compatibility of the capital amount with the amount, nature and complexity of the risks to which the Bank is exposed to, in a manner that does not contradict with the legislation and instructions in force. The Bank reflects this in its strategic plans as well as its annual estimated budgets. For more precaution, and given the surrounding circumstances and economic cycles, the Board of Directors decided, within the Bank's strategy, that the capital adequacy ratio will not be less than 14%.

When entering into investments, effects on the capital adequacy ratio are recorded and capital and adequacy are monitored periodically as the capital adequacy ratio is calculated at the Group level as well as at the Bank›s level on a quarterly basis, and is audited by the internal auditor.

No dividends will be distributed to shareholders from the regulatory capital components if such distribution would lead to failure to comply with the required minimum capital. The Bank focuses on the internal generation of capital and can resort to public offering to meet the requirements of expansions and future plans or the requirements of the regulatory authorities according to specific studies.

Capital adequacy

On 31 November 2016, the Central Bank of Jordan issued capital adequacy instructions in accordance with Basel III and cancelled the implementation of regulatory capital adequacy instructions in accordance with Basel II.

The Bank manages the capital in a way that ensures the continuity of its operations and achieves the highest possible return on equity, and the capital is as defined by Basel III, as shown in the following table:

Total basic capital for ordinary equity holders (CET 1)	31 December	
	2020	2019
Regulatory amendments (subtraction from basic capital for ordinary equity holders)	JD'000	JD'000
Tier-II Capital	456,432	459,532
Regulatory amendments (subtraction from Tier-II Capital)	(51,091)	(39,096)
Regulatory capital	18,894	13,944
Risk-weighted assets		(1,728)
	424,234	432,652
Capital adequacy ratio for ordinary equity holders (CET 1)	2,189,109	2,223,920
Capital adequacy ratio on Tier-I Capital		
Regulatory capital adequacy ratio	18.52%	18.91%
	18.52%	18.91%
	19.38%	19.45%

* The basic capital was calculated after investing in banks and a financial subsidiary.

(43) Analysis of maturities of assets and liabilities

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

31 December 2020	Up to one year	Over one year	Total
Assets:	JD	JD	JD
Cash and balances with Central Banks	361,869,605	-	361,869,605
Balances with banks and banking institutions	131,493,633	5,264,885	136,758,518
Deposits with banks and banking institutions	-	-	-
Direct credit facilities - net	295,547,628	1,260,965,205	1,556,512,833
	-	10,000,000	10,000,000
Financial assets through comprehensive income	8,262,132	77,605,142	85,867,274
Financial assets at amortised cost	112,488,869	289,621,741	402,110,610
Property and equipment, net	-	28,527,698	28,527,698
Intangible assets, net	-	1,964,717	1,964,717
Right of use of leased assets	3,451,885	9,895,692	13,347,577
Deferred tax assets	-	36,718,616	36,718,616
Other assets	24,461,737	146,113,218	170,574,955
Assets held for sale, net	5,642,817	-	5,642,817
Total assets	**943,218,306**	**1,866,676,914**	**2,809,895,220**
Liabilities:			
Deposits with banks and banking institutions	173,687,677	-	173,687,677
Customers' deposits	1,876,967,075	583,408	1,877,550,483
Cash deposits	73,880,037	15,280	73,895,317
Borrowings	14,323,252	113,932,192	128,255,444
Liabilities against right of use leased assets	3,184,271	9,205,686	12,389,957
Loan bonds	-	11,000,000	11,000,000
Various provisions	-	14,303,613	14,303,613
Provision for income tax	-	2,176,841	2,176,841
Deferred tax liabilities	-	2,555,136	2,555,136
Other liabilities	-	56,119,661	56,119,661
Liabilities directly associated with assets held for sale	1,529,164	-	1,529,164
Total liabilities	2,143,571,475	209,891,817	2,353,463,293
Net assets	**(1,200,353,170)**	**1,656,785,097**	**456,431,927**

31 December 2019	Up to one year	Over one year	Total
Assets:	JD	JD	JD
Cash and balances with Central Banks	402,004,690	-	402,004,690
Balances with banks and banking institutions	134,085,678	-	134,085,678
Deposits with banks and banking institutions	217,231	-	217,231
Direct credit facilities - net	828,024,289	745,752,427	1,573,776,716
Financial assets through comprehensive income	11,492,657	84,631,649	96,124,306
Financial assets at amortised cost	106,436,976	202,219,134	308,656,110
Property and equipment, net	-	26,711,598	26,711,598
Intangible assets, net	-	1,357,766	1,357,766
Right of use of leased assets	52,208	14,225,840	14,278,048
Deferred tax assets	-	31,137,943	31,137,943
Other assets	18,207,319	145,124,812	163,332,131
Assets held for sale, net	4,318,694	-	4,318,694
Total assets	**1,504,839,742**	**1,251,161,169**	**2,756,000,911**
Liabilities:			
Deposits with banks and banking institutions	141,237,514	-	141,237,514
Customers' deposits	1,865,544,081	548,425	1,866,092,506
Cash deposits	82,178,622	-	82,178,622
Borrowings	45,528,508	56,678,956	102,207,464
Liabilities against right of use leased assets	48,162	13,197,018	13,245,180
Other provisions	-	12,408,652	12,408,652
Provision for income tax	14,760,848	-	14,760,848
Deferred tax liabilities	-	3,489,800	3,489,800
Other liabilities	39,735,141	19,807,010	59,542,151
Liabilities directly associated with assets held for sale	1,305,735	-	1,305,735
Total liabilities	2,190,338,610	106,129,862	2,296,468,472
Net assets	**(685,498,868)**	**1,145,031,307**	**459,532,439**

(44) Fair value hierarchy

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

Some of the Bank's financial assets and financial liabilities are valued at fair value at the end of each reporting period, and the following table shows information about how to determine the fair value of these financial assets and financial liabilities (valuation methods and inputs used) .

Financial assets / financial liabilities	31 2020 كانون الاول	القيمة العادلة 31 كانون الاول 2019	مستوى القيمة العادلـــــــة	طـريقة التقييم والمدخلات المستخدمة	مدخلات هامة غير ملموسة	العلاقة بين المدخلات الهامة غير الملموسة والقيمة العادلة
	JD	JD	JD	JD	JD	JD
Financial assets at fair value						
Financial assets at fair value through other comprehensive income						
Shares with available market prices	17,784,848	18,608,695	Level 1	Quoted prices in financial markets	N/A	N/A
Shares with non-available market prices	25,505,244	27,206,325	Level 2	Quoted prices in financial markets compared with the market value of a similar financial instrument	N/A	N/A
Bonds quoted in active markets	30,385,997	38,030,583	Level 1	Quoted prices in financial markets	N/A	N/A
Bonds unquoted in active markets	14,180,155	13,720,000	Level 2	compared with the market value of a similar financial instrument	N/A	N/A
Total	87,856,243	97,565,603				
Total financial assets at fair value	**87,856,243**	**97,565,603**				

There were no transfers between level 1 and level 2 during the years 2020 and 2019.

B. Fair value of financial assets and financial liabilities of the Bank undesignated at fair value on an ongoing basis:

Except for what is described in the table below, we believe that the carrying amounts of the financial assets and financial liabilities shown in the Bank›s financial statements approximate their fair values because the Bank's management believes that the carrying amount of the items below is approximately equivalent to their fair value due to their short-term maturities, or their interest rates are re-priced during the year.

Financial assets / financial liabilities	31 December 2020		31 December 2019		
	Carrying amount	Fair Value	Carrying amount	Fair Value	Fair value level
	JD	JD	JD	JD	JD
Financial assets undesignated at fair value					
Balances with central banks	297,372,740	297,402,329	351,555,800	351,585,773	Level 2
Balances with banks and banking institutions	136,758,518	137,907,866	134,085,678	134,109,038	Level 2
Deposits with banks and banking institutions	-	-	217,231	217,267	Level 2
Direct credit facilities	1,556,512,833	1,576,233,016	1,573,776,716	1,584,960,477	Level 2
Financial assets at amortised cost	402,110,610	407,258,722	308,656,110	313,811,044	Levels 1 & 2
Total financial assets undesignated at fair value	2,392,754,701	2,418,801,933	2,368,291,535	2,384,683,599	
Financial liabilities undesignated at fair value					
Deposits with banks and banking institutions	173,687,677	174,487,555	141,237,514	141,498,608	Level 2
Customers' deposits	1,877,550,483	1,884,988,124	1,866,092,506	1,879,571,636	Level 2
Cash deposits	**73,895,317**	**74,540,948**	**82,178,622**	**82,962,952**	**Level 2**
Borrowings	**128,255,444**	**128,873,630**	**102,207,464**	**103,528,236**	**Level 2**
Total financial liabilities undesignated at fair value	**2,253,388,921**	**2,262,890,257**	**2,262,890,257**	**2,207,561,432**	

For the above items, the fair value of financial assets and financial liabilities for levels 2 and 3 is designated according to agreed pricing models which reflect the credit risk of the parties with which they are dealt.

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

A. Credit commitments and liabilities :

	31 December	
	2020	2019
A. Letters of credits, guarantees and acceptances	JD	JD
Letters of credit	38,279,039	96,880,456
Guarantees		
Payment	134,389,721	127,336,681
Performance bonds	70,233,996	81,818,493
Others	27,241,469	27,462,410
Acceptances	15,917,115	20,516,666
Total	**286,061,339**	**354,014,706**
B. Other liabilities		
Non-unutilised direct credit facilities limits	206,560,567	211,909,426
Non-unutilised indirect credit facilities limits	113,041,399	109,779,253
Total	**319,601,966**	**321,688,679**
Total indirect facilities	**605,663,306**	**675,703,385**

B. Contractual liabilities:

	31 December	
	2020	2019
	JD	JD
Contracts to purchase property and equipment	2,099,640	1,377,206
Project construction contracts	1,891,195	2,385,330
Other purchase contracts	977,834	252,073
Total	**4,968,669**	**4,014,609**

Below is the disclosure of the movement on the balance of indirect credit facilities collectively during the years ended 31 December 2020 and 2019::

Description	Stage 1		Stage 2				
	Individually	Collectively	Individually	Collectively	Stage 3	Total	2019
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	660,587,626	-	12,366,317	-	2,749,443	675,703,386	647,151,638
New facilities during the year	123,152,368	-	2,171,572	-	128,661	125,452,600	171,842,011
Facilities payable during the year	(191,459,694)	-	(3,286,199)	-	(746,787)	(195,492,680)	(143,290,264)
Transferred to Stage 1	2,860,626	-	(2,701,074)	-	(159,552)	-	-
Transferred to stage 2	(3,834,238)	-	4,083,891	-	(249,653)	-	-
Transferred to stage 3	(633,523)	-	(192,938)	-	826,461	-	-
Changes resulting from adjustments	-	-	-	-			
Facilities written off	-	-	-	-			
Balance at the end of the year	**590,673,165**	**-**	**12,441,568**	**-**	**2,548,573**	**605,663,306**	**675,703,385**

Below is the disclosure of the movement on the provision for expected credit losses of indirect facilities collectively during the years ended 31 December 2020 and 2019:

Description	Stage 1		Stage 2				
	Individually	Collectively	Individually	Collectively	Stage 3	Total	2019
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	2,957,220	-	434,642	-	2,011,721	5,402,583	5,112,741
Expected credit losses on new facilities during the year	2,275,982	-	293,517	-	444,967	3,014,466	2,567,881
Recovered from expected credit losses on facilities paid during the year	(1,100,862)	-	(189,881)	-	(238,009)	(1,528,752)	(2,277,039)
Transferred to Stage 1	163,603	-	(98,980)	-	(64,622)	-	-
Transferred to stage 2	(22,362)	-	163,543	-	(141,181)	-	-
Transferred to stage 3	(8,023)	-	(10,730)	-	18,754	-	-
Changes resulting from adjustments	-	-	-	-	-	-	-
Facilities written off	-	-	-	-	-	-	-
Balance at the end of the year	**4,265,557**	**-**	**592,111**	**-**	**2,031,629**	**6,888,297**	**5,403,583**

Below is the disclosure of the distribution of the total letters of credit according to the Bank›s internal rating categories as at 31 December 2020 and 2019:

Credit rating categories based on the Bank›s bylaw	Stage 1 Individually	Stage 2 Individually	Stage 3	Total	2019
	JD	JD	JD	JD	JD
From (1) to (5)	31,455,989	-	-	31,455,989	80,022,038
From (6) to (7)	6,580,253	242,797	-	6,823,050	16,801,822
From (8) to (10)	-	-	-	-	56,596
Unrated	-	-	-	-	-
Total	38,036,242	242,797	-	38,279,039	96,880,456

Below is the disclosure of the movement on the balance of letters of credit during the years ended 31 December 2020 and 2019:

Description	Stage 1 Individually	Stage 2 Individually	Stage 3	Total	2019
	JD	JD	JD	JD	JD
Balance at the beginning of the year	96,390,452	433,408	56,596	96,880,456	91,458,705
New facilities during the year	7,603,716	242,797	-	7,846,514	28,315,607
Facilities paid during the year	(66,010,424)	(380,911)	(56,596)	(66,447,931)	(22,893,856)
Transferred to stage 1	101,173	(101,173)	-	-	-
Transferred to stage 2	(48,676)	48,676	-	-	-
Transferred to stage 3	-	-	-	-	-
Changes resulting from adjustments	-	-	-	-	-
Written off facilities (written off and transferred off-the statement of financial position)	-	-	-	-	-
Balance at the end of the year	**38,036,242**	**242,797**	**-**	**38,279,039**	**96,880,456**

Below is the disclosure of the movement on the provision for expected credit losses for letters of credit during the years ended 31 December 2020 and 2019:

Description	Stage 1 Individually	Stage 2 Individually	Stage 3	Total	2019
	JD	JD	JD	JD	JD
Balance at the beginning of the year	493,421	8,791	41,766	543,978	271,023
Expected credit losses on new facilities during the year	106,816	136	-	106,952	403,567
Recovered from expected credit losses on facilities paid during the year	(425,976)	(6,952)	(41,766)	(474,694)	(130,612)
Transferred to stage 1	2,371	(2,371)	-	-	-
Transferred to stage 2	(532)	532	-	-	-
Transferred to stage 3	-	-	-	-	-
Changes resulting from adjustments	-	-	-	-	-
Provision for written-off facilities	-	-	-	-	-
Balance at the end of the year	**176,100**	**136**	**-**	**176,236**	**543,978**

Below is the disclosure of the distribution of the total guarantees according to the Bank›s internal rating categories as at 31 December 2020 and 2019:

Credit rating categories based on the Bank›s bylaw	Stage 1 Individually	Stage 2 Individually	Stage 3	Total	2019
	JD	JD	JD	JD	JD
From (1) to (5)	205,911,190	309,361	-	206,220,551	199,329,614
From (6) to (7)	17,610,356	6,014,117	-	23,624,472	35,147,929
From (8) to (10)	-	-	-	-	2,140,042
Unrated	-	-	2,020,162	2,020,162	-
Total	**223,521,546**	**6,323,477**	**2,020,162**	**231,865,186**	**236,617,584**

Below is the disclosure of the movement on the balance of guarantees during the years ended 31 December 2020 and 2019:

Description	Stage 1 Individually	Stage 2 Individually	Stage 3	Total	2019
	JD	JD	JD	JD	JD
Adjusted balance at the beginning of the year	229,423,531	5,054,012	2,140,042	236,617,584	233,177,652
New facilities during the year	42,148,859	23,695	15,000	42,187,554	37,819,797
Facilities paid during the year	(46,090,685)	(542,046)	(307,222)	(46,939,953)	(34,379,865)
Transferred to stage 1	1,021,545	(927,045)	(94,500)	-	-
Transferred to stage 2	(2,670,803)	2,842,803	(172,000)	-	-
Transferred to stage 3	(310,902)	(127,941)	438,843	-	-
Changes resulting from adjustments	-	-	-	-	-
Written off facilities (written off and transferred off-the statement of financial position)	-	-	-	-	-
Balance at the end of the year	**223,521,546**	**6,323,477**	**2,020,162**	**231,865,185**	**236,617,584**

Below is the disclosure of the movement on the provision for expected credit losses for guarantees during the years ended 31 December 2020 and 2019:

Description	Stage 1 Individually	Stage 2 Individually	Stage 3	Total	2019
	JD	JD	JD	JD	JD
Balance at the beginning of the year	643,496	83,044	1,692,245	2,418,785	2,544,023
Expected credit losses on new facilities during the year	945,368	92,365	233,562	1,271,295	712,842
Recovered from expected credit losses on facilities paid during the year	(138,928)	(97,660)	(41,458)	(278,046)	(838,080)
Transferred to stage 1	41,945	(2,377)	(39,568)	-	-
Transferred to stage 2	(7,988)	105,694	(97,706)	-	-
Transferred to stage 3	(2,541)	(308)	2,849	-	-
Changes resulting from adjustments	-	-	-	-	-
Provision for written-off facilities	-	-	-	-	-
Balance at the end of the year	**1,481,351**	**180,758**	**1,749,925**	**3,412,034**	**2,418,785**

Below is the disclosure of the distribution of the total acceptances according to the Bank›s internal rating categories as at 31 December 2020 and 2019:

Credit rating categories based on the Bank›s bylaw	Stage 1 Individually	Stage 2 Individually	Stage 3	Total	2019
	JD	JD	JD	JD	JD
From (1) to (5)	15,104,924	51,006	-	15,155,930	19,028,227
From (6) to (7)	761,184	-	-	761,184	1,488,440
From (8) to (10)	-	-	-	-	-
Unrated	-	-	-	-	-
Total	15,866,108	51,006	-	15,917,115	20,516,666

Below is the disclosure of the movement on the balance of acceptances during the years ended 31 December 2020 and 2019:

Description	Stage 1 Individually	Stage 2 Individually	Stage 3	Total	2019
	JD	JD	JD	JD	JD
Balance at the beginning of the year	20,013,606	503,060	-	20,516,666	26,152,139
New facilities during the year	7,912,937		-	7,912,937	7,128,662
Facilities paid during the year	(12,024,027)	(488,461)	-	(12,512,489)	(12,764,136)
Transferred to stage 1	61,199	(61,199)	-	-	-
Transferred to stage 2	(97,607)	97,607	-	-	-
Transferred to stage 3	-	-	-	-	-
Changes resulting from adjustments	-	-	-	-	-
Written off facilities (written off and transferred off-the statement of financial position)	-	-	-	-	-
Balance at the end of the year	**15,866,108**	**51,006**	**-**	**15,917,115**	**20,516,666**

Below is the disclosure of the movement on the provision for expected credit losses for acceptances during the years ended 31 December 2020 and 2019::

Description	Stage 1 Individually	Stage 2 Individually	Stage 3	Total	2019
	JD	JD	JD	JD	JD
Balance at the beginning of the year	91,044	16,886	-	107,930	114,817
Expected credit losses on new facilities during the year	61,341		-	61,341	73,839
Recovered from expected credit losses on facilities paid during the year	(52,309)	(15,424)	-	(67,733)	(80,726)
Transferred to stage 1	2,070	(2,070)	-	-	-
Transferred to stage 2	(1,190)	1,190	-	-	-
Transferred to stage 3	-	-	-	-	-
Changes resulting from adjustments	-	-	-	-	-
Provision for written-off facilities	-	-	-	-	-
Balance at the end of the year	**100,957**	**582**	**-**	**101,539**	**107,930**

Below is the disclosure of the distribution of the total non-utilized direct facilities limits according to the Bank›s internal rating categories as at 31 December 2020 and 2019::

Credit rating categories based on the Bank›s bylaw	Stage 1 Individually	Stage 2 Individually	Stage 3	Total	2019
	JD	JD	JD	JD	JD
From (1) to (5)	135,954,068	220,479		136,174,547	140,242,880
From (6) to (7)	24,124,148	2,185,185		26,309,333	25,214,555
From (8) to (10)			118,296	118,296	129,283
Unrated	42,970,282	577,995	410,115	43,958,392	46,322,708
Total	**203,048,499**	**2,983,658**	**528,411**	**206,560,567**	**211,909,426**

Below is the disclosure of the distribution of the total non-utilized direct facilities limits according to the Bank›s internal rating categories as at 31 December 2020 and 2019:

Description	Stage 1 Individually	Stage 2 Individually	Stage 3	Total	2019
	JD	JD	JD	JD	JD
Balance at the beginning of the year	209,377,048	1,979,573	552,805	211,909,426	156,785,685
New facilities during the year	43,034,824	1,678,321	113,661	44,826,806	87,266,325
Facilities paid during the year	(49,070,165)	(722,531)	(382,969)	(50,175,664)	(32,142,584)
Transferred to stage 1	788,317	(723,265)	(65,052)	-	-
Transferred to stage 2	(758,904)	836,557	(77,653)	-	-
Transferred to stage 3	(322,621)	(64,997)	387,618	-	-
Changes resulting from adjustments	-	-	-	-	-
Written off facilities (written off and transferred off-the statement of financial position)	-	-	-	-	-
Balance at the end of the year	**203,048,499**	**2,983,658**	**528,411**	**206,560,567**	**211,909,426**

Below is the disclosure of the movement on the provision for expected credit losses for non-utilized direct facilities limits during the years ended 31 December 2020 and 2019:

Description	Stage 1 Individually	Stage 2 Individually	Stage 3	Total	2019
	JD	JD	JD	JD	JD
Adjusted balance at the beginning of the year	1,286,348	148,307	277,710	1,712,364	1,741,322
Expected credit losses on new facilities during the year	727,999	109,150	211,405	1,048,554	997,165
Recovered from expected credit losses on facilities paid during the year	(389,837)	(44,853)	(154,786)	(589,476)	(1,026,123)
Transferred to stage 1	87,164	(62,110)	(25,054)	-	-
Transferred to stage 2	(10,585)	54,060	(43,475)	-	-
Transferred to stage 3	(5,482)	(10,423)	15,905	-	-
Changes resulting from adjustments	-	-	-	-	-
Provision for written-off facilities	-	-	-	-	-
Balance at the end of the year	**1,695,606**	**194,132**	**281,704**	**2,171,442**	**1,712,364**

Below is the disclosure of the distribution of the total non-utilized indirect facilities limits according to the Bank›s internal rating categories as at 31 December 2020 and 2019:

Credit rating categories based on the Bank›s bylaw	Stage 1 Individually	Stage 2 Individually	Stage 3	Total	2019
	JD	JD	JD	JD	JD
From (1) to (5)	99,428,442	321,129	-	99,749,571	94,857,639
From (6) to (7)	10,772,328	2,519,500	-	13,291,828	14,921,614
From (8) to (10)	-	-	-	-	-
Unrated	-	-	-	-	-
Total	110,200,770	2,840,629	-	113,041,399	109,779,253

Below is the disclosure of the movement on the balance of non-utilized indirect facilities limits during the years ended 31 December 2020 and 2019:

Description	Stage 1 Individually	Stage 2 Individually	Stage 3	Total	2019
	JD	JD	JD	JD	JD
Balance at the beginning of the year	105,382,990	4,396,263	-	109,779,253	139,577,457
New facilities during the year	22,452,031	226,758	-	22,678,789	11,311,618
Facilities paid during the year	(18,264,393)	(1,152,250)	-	(19,416,643)	(41,109,822)
Transferred to stage 1	888,391	(888,391)	-	-	-
Transferred to stage 2	(258,249)	258,249	-	-	-
Transferred to stage 3	-	-	-	-	-
Changes resulting from adjustments	-	-	-	-	-
Written off facilities (written off and transferred off-the statement of financial position)	-	-	-	-	-
Balance at the end of the year	**110,200,770**	**2,840,629**	**-**	**113,041,399**	**109,779,253**

Below is the disclosure of the movement on the provision for expected credit losses for -unutilized indirect facilities limits during the years ended 31 December 2020 and 2019:

Description	Stage 1 Individually	Stage 2 Individually	Stage 3	Total	2019
	JD	JD	JD	JD	JD
Balance at the beginning of the year	442,912	177,614	-	620,525	441,556
Expected credit losses on new facilities during the year	434,458	91,866	-	526,324	380,469
Recovered from expected credit losses on facilities paid during the year	(93,812)	(24,992)	-	(118,804)	(201,500)
Transferred to stage 1	30,052	(30,052)	-	-	-
Transferred to stage 2	(2,068)	2,068	-	-	-
Transferred to stage 3	-	-	-	-	-
Changes resulting from adjustments	-	-	-	-	-
Provision for written-off facilities	-	-	-	-	-
Balance at the end of the year	**811,543**	**216,503**	**-**	**1,028,046**	**620,525**

(46) Cases filed against the Bank

The value of cases filed against the Bank and the subsidiary amounted to JD 9,624,464 as at 31 December 2020. In the opinion of the Bank's management and the legal advisor, the Bank will not have obligations exceeding the provision made, which amounted to JD 1,459,097 as at 31 December 2020.

(47) Assets held for sale and discontinued operations

A. Investment in United Financial Investments Company:

According to the decision of the Board Committee for Management and Investment on 02 February 2020, it was decided to approve the merger of the United Financial Investments Company and the Specialized Managerial Company for Investment and Financial Consultation with a company that practices investment and brokerage businesses, and the merger process is expected to be completed within the next few months.

	2020	2019
Profit for the year from discontinued operations	JD	JD
Net losses for the year	222,034	834,631
Total expenses	(889,641)	(1,121,259)
Loss for the year before tax	(667,607)	(286,628)
Tax benefits	60,167	32,919
Net loss for the year	(607,440)	(253,709)
Parent's share in the loss of the subsidiary	**(379,547)**	**(127,402)**

Assets held for sale	31 December 2020		31 December 2019	
	Company's Data	Share of Parent (The Bank)	Company's data	Share of Parent (The Bank)
	JD	JD	JD	JD
Cash on hand and bank balances	281,983	176,192	1,886,087	947,117
Direct credit facilities, net	1,370,964	856,621	903,095	453,498
Financial assets at fair value through statement of income	4,261,622	2,662,793	4,491,314	2,255,358
Financial assets at fair value through comprehensive income	-	-	-	-
Property and equipment, net	351,414	219,574	361,345	181,453
Intangible assets, net	-	-	2,397	1,199
Deferred tax assets	1,136,512	710,128	1,002,772	503,552
Other assets	3,363,637	2,101,704	2,929,733	1,471,199
Total assets	10,766,132	6,727,012	11,576,743	5,813,376
Less: impairment loss of assets held for sale	-	(1,529,842)	-	(1,494,682)
	10,766,132	5,197,170	11,576,743	4,318,694
Liabilities associated with assets held for sale				
Provision for Income tax	59,454	37,149	58,906	29,580
Other liabilities	2,180,051	1,362,163	2,541,331	1,276,155
Total liabilities	2,239,505	1,399,312	2,600,237	1,305,735
Equity directly associated with assets held for sale	**(35,505)**	**(22,185)**	**(35,505)**	**(17,829)**

B. Investment in Specialized Managerial Company for Investment and Financial Consultation:

According to the decision of the Board Committee for Management and Investment on 02 February 2020, it was decided to approve the merger of the Specialized Managerial Company for Investment and Financial Consultation and the United Financial Investments Company with a company that practices investment and brokerage businesses, and the merger process is expected to be completed within the next few months.

	For the year ended 31 December	
	2020	2019
	JD	JD
Profit for the year from discontinued operations		
Total revenues	180,103	604,145
Total expenses	357,753	433,442
Profit for the period before tax	(177,650)	170,703
Tax expense / tax surplus	(18,382)	7,090
Net profit for the year	**(159,268)**	**163,613**

	Company's data	Share of Parent (The Bank)
	JD	JD
Assets held for sale		
Cash on hand and bank balances	232,319	232,319
Direct credit facilities, net	110,500	110,500
Property and equipment, net	10,026	10,026
Other assets	92,803	92,803
Total assets	445,648	445,648
Liabilities associated with assets held for sale		
Payables	110,000	110,000
Other liabilities	19,852	19,852
Total liabilities	**129,852**	**129,852**

Statement of Disclosure for the Financial Year ending 31/12/2020, in accordance with article (4) of the disclosure regulations, the accounting and auditing standards issued by the Jordan Securities Commission.

Item

4a: Chairman's Statement: Included in the report.

4b/1: Description of main activities: Included in the report.

The Bank operates through its head office in Abdali - Amman and 64 branches in Jordan and one branch in Cyprus. Total capital expenditure for the year 2020 amounted to JOD6.244 million. The table below shows the Bank's locations and the number of staff at each.

Location	No. of Staff	Location	No. of Staff	Location	No. of Staff	Location	No. of Staff
Head Office	641	Dabouq Branch	9	Al-Ahliyya Amman University Branch	8	Yarmouk University Branch- Irbid	10
Main Branch	15	City Mall Branch	12	Baq'ah Branch	7	Al-Mafraq Branch	8
Abdali Branch	13	Shmeissani Branch	13	Madaba Branch	7	Al-Karak Branch	8
Jabal Amman Branch	11	King Hussein Bin Talal St. Branch – Zarqa	7	Al-Salt Branch	6	Aqaba Branch	11
Wehdat Branch	11	Abdali Mall Branch	12	King Abdullah Bureau Branch	6	Zarqa Branch	9
Tla' El 'Ali Branch	12	Tabarbour Branch	8	Khalda Branch	9	Russaifeh Branch	10
Jabal Al-Hussein Branch	10	Al-Rabiyah Branch	9	Dair Ghbar Branch	8	Zarqa Free Zone Branch	9
Commercial Center Branch	9	Vegetable Market Branch	11	Taj Mall Branch	11	New Zarqa Branch	8
Abu-Alanda Branch	11	M. Munawarah St. Branch	11	Galleria Mall Branch	11	M. Al-Riyadeah Branch	10
Yarmouk Branch	9	Sweifiyyah Branch	11	Northern Hashmi Branch	9	King Abdullah II St. Branch – Irbid	10
Wadi El-Seir Branch	12	Nazzal Branch	7	Mecca Street Branch	10	Jerash Branch	9
Jubaiha Branch	11	Mecca Mall Branch	11	Zahran Branch	7	Dome of the Rock Branch	8
Amra Branch	10	Petra University Branch	6	Al-Rawnaq Branch	9	Jawal Branch	6
Abdoun Branch	11	Al-Mougablain Branch	10	Southern Sweileh Branch	9	Abu Hassan Mall Branch	10
Abu-Nsair Branch	9	Marj El-Hamam Branch	10	Irbid Branch	18	Cyprus Branch	13
Marka Branch	11	Zain Branch	8	Wadi Saqra Branch	9		
Ibn Khaldoun Branch	8	Samarah Mall Branch	6	Al-Husson St. Branch- Irbid	8		
*United Financial Investments Co. (Subsidiary Held for Sale)					10		
Ejara Leasing Co. (Subsidiary)					27		
*Specialized Management Co. For Investment & Financial Advisory (Sanad Capital) (Subsidiary – Held for Sale)					3		

* According to the decision of the Board Committee for Management and Investment on February 2, 2020, it was decided to approve the merger of the United Financial Investments Company with the Specialized Management Co. For Investment & Financial Advisory (Sanad Capital) and one of the companies that practices investment and brokerage business. It is expected to finalize the merger during 2021. According to International Standard No. (5), the company is classified as assets held for sale purposes.

** According to the decision of the Board Committee for Management and Investment on February 2, 2020, it was decided to approve the merger of the Specialized Management Company for Investment and Financial Advisory with the United Financial Investments Co. and one of the companies that practices investment and brokerage business. It is expected to finalize the merger during 2021. According to International Standard No. (5), the company is classified as assets held for sale purposes.

4b /2: Subsidiaries:

- **United Financial Investments Company**

  United Financial Investments Co. (UFICO) was established in 1980 as a private shareholding company with a capital of JD150 thousand. In 1995 the company was restructured as a public shareholding company with a capital of JD1.5 million. The company's capital was increased during the period from 1997 to 2010 in several stages through the distribution of free shares to the shareholders. The company's capital is currently JD8 million.

  The company offers brokerage and advisory services, and obtained from the Jordan Securities Commission the license to work as an investment manager and license to work in margin trading.

  The Company's H.Q. is located in Shmeissani, Amman with 10 working employees.

- **Ejara Leasing Company**

  Jordan Kuwait Bank established Ejara Leasing Company on January 6, 2011. The company was registered as a private shareholding company with paid-up capital JD10 million (USD14.1m) fully paid by the Bank. In September 2012 Ejara's capital was raised to JD20 million (USD28.2m).

  Ejara Leasing Company aims to provide innovative and high quality leasing services to supplement the banking and financing services offered at Jordan Kuwait Bank to be in line with the developments in the financial market, meet the needs of the Bank's clients and support the various economic activities, through leasing fixed assets and providing different financing alternatives in light of the changes in the financial and baking markets.

  The Company's H.Q. is located in Thawabet Complex No. 61, Mecca Street, Amman, in addition to a branch in Aqaba and a branch in Irbid with a total of 27 employees.

- **Specialized Management Co. For Investment & Financial Advisory (Sanad Capital)**

  Sanad Capital was founded on 222016/11/ as a private limited company with a paid-up capital of JD530 thousand (USD747 thousand) fully paid by the Bank. The company, which commenced its operations during the first quarter of 2017, offers a wide range of financial and advisory services including managing stocks and bonds issued, financial advisory services to companies and family groups, in addition to offering financial opportunities such as establishing real estate investment funds and other financial and advisory services. Sanad Capital received its lead managed and financial advisor licenses from Jordan Securities Commission at the beginning of 2017.

  The Company's H.Q. is located in the Mecca Street, Amman with 3 working employees.

4b/3/a: Members of the Board of Directors' Biographies:

◆ **H. E. Mr. Abdel Karim A. Kabariti**

Chairman, Representative of Al Rawabi United Holding Co. - Kuwait

Date of membership: 15/7/1997

Date of Birth: 15/12/1949

Education: Bachelor degree in Business and Finance with Honors from St. Edwards University-USA, 1973.

Current Positions:

- Chairman, Algeria Gulf Bank – Algeria / Representative of Jordan Kuwait Bank (9/2002 – Present)
- Board Member, Jordan Dairy Company
- Board Member, Burgan Bank – Kuwait (4/2004 – Present)
- Board Member, FIMBank – Malta (13/8/2020 – Present)

Previous Official & Governmental Positions:

- Member of the Jordanian Senate, Head of the Economics & Finance Committee (2005 - 2007)
- Member of the Jordanian Senate, First Deputy to the Speaker (2000 – 2002)
- Chief of the Royal Court, (1999 - 2000)
- Member of the Twelfth and the Eleventh Jordanian Parliaments (1993 – 1997) and (1989 – 1993) / Head of the Economics & Finance Committee (1993 – 1995)
- Prime Minister, Minister of Foreign Affairs and Minister of Defense (1996 - 1997)
- Minister of Foreign Affairs (1995 - 1996)
- Minister of Labor (1991 - 1993)
- Minister of Tourism (1989 - 1991)

Previous Business Experiences:

- Worked at many financial institutions / private business (1973 – 1989)

◆ **Mr. Faisal H. Al -Ayyar**

Vice Chairman

Date of membership: 15/7/1997

Date of Birth: 20/12/1954

Education: Graduated as a fighter pilot – USA, 1976 and Jordanian Aviation Academy, 1981

Current and Previous Positions:

- Chairman, Panther Media Group (OSN) - Dubai, UAE
- Vice Chairman (Executive), Kuwait Projects Co. (Holding) - Kuwait
- Vice Chairman, Gulf Insurance Group - Kuwait
- Vice Chairman, United Gulf Holding – Bahrain
- Vice Chairman, United Gulf Bank - Bahrain
- Vice Chairman, Mashare'a Al-Khair Est. - Kuwait
- Vice Chairman, Saudi Dairy & Foodstuff Co. (SADAFCO) – Kingdom Saudi Arabia
- Board Member, Gulf Egypt for Hotels & Tourism Co. - Egypt
- Trustee, American University of Kuwait - Kuwait
- Honorary Chairman, Kuwait Association for Learning Differences – Kuwait

Honors & Awards:

- Kuwait Financial Forum 2009, for contributions to the Kuwait investment sector and success in global financial markets
- Tunis Arab Economic Forum 2007
- Lifetime Achievement Award, Beirut Arab Economic Forum 2007
- Arab Bankers Association of North America (ABANA) Achievement Award in 2005

◆ **Mr. Masaud M. Jawhar Hayat**

Board Member, Representative of Kuwait Projects Co. (Holding) - Kuwait

Date of Membership: 20/2/2001

Date of Birth: 11/9/1953

Education: Bachelor degree in Economics, Kuwait University, 1973 and a High Diploma in Banking Studies, 1975.

Current Positions:

- Vice Chairman & Group Chief Executive Officer, Burgan Bank - Kuwait
- Chairman, United Gulf Bank – Bahrain
- Chairman, United Gulf Holding – Bahrain
- Chairman, Tunis International Bank - Tunis
- Vice Chairman, FIMBank - Malta
- Vice Chairman, Algeria Gulf Bank - Algeria
- Vice Chairman, Bank of Baghdad - Iraq
- Board Member, KIPCO Asset Management Co. (KAMCO) - Kuwait
- Board Member, North African Co. - Kuwait
- Board Member, Mashare'a Al-Khair Est. - Kuwait

◆ **Mr. Tariq M. Abdul Salam**

Board Member

Date of Membership: 15/7/1997

Date of Birth: 24/8/1965

Education: Bachelor degree in Accounting, Kuwait University, 1987. Diploma in International Securities, Kuwait, 1996.

Current Positions:

- Chief Executive Officer of the Investment sector, Kuwait Projects Co. (Holding) - Kuwait (2011 - Present)
- Board Member, United Real Estate Company - Kuwait (2010 - Present)
- Vice Chairman, North Africa Co. Holding (2014 – Present)
- Board Member, KIPCO Asset Management Co. (KAMCO) - Kuwait (2013 - Present)
- Board Member, Qurain Petrochemical Industries Co. (2012 - Present)

Previous Positions:

- Chairman, United Real Estate Company - Kuwait (2010 – 4/2019)
- Chief Executive Officer, United Real Estate Company- Kuwait (2006-2011)

- General Manager, KIPCO Asset Management Co. (KAMCO) (1998 - 2006)
- Vice President, Trading and Investment Portfolio Management, Kuwait Investments Projects Co.- Kuwait (1996 – 1999)
- Manager, Trading and Global Investment Projects Department, Kuwait Investment Projects Co.-Kuwait (1992 - 1996)

◆ **Mr. Mohammad A. AlMadi**

Board Member, Representative of Social Security Corporation – Until 16/6/2020

Date of Membership: 5/9/2016

Date of Birth: 18/4/1971

Education: Bachelor degree in Accounting, Yarmouk University, 1992, Master degree in Financing, Jordan University, 1998.

Current Position:

- Head of Equity Support Directorate, Social Security Investment Fund (20/10/2019 – Present)

Previous Positions:

- Head of Internal Audit, Social Security Investment Fund (2003 – 2019)
- Internal Audit Department, Central Bank of Jordan (1994 – 2003)
- Arab Bank (1993)
- Accounts Audit, Deloitte and Touche (1992 – 1993)

◆ **Mr. Nidal F. Qubbaj**

Board Member, Representative of Social Security Corporation – As of 17/6/2020

Date of Membership: 17/6/2020

Date of Birth: 2/7/1980

Education: Bachelor degree in Accounting, Jordan University, 2001, Master Business Administration / Accounting, Jordan University, 2006.

Current Position:

- Risk Management & Strategic Planning Manager, Social Security Investment Fund

Previous Positions:

- Head of Investment Risk Division, Social Security Investment Fund (2009-2012)
- Acting Head of Operation Risk Function, Social Security Investment Fund (2011-2012)
- Senior Risk Analyst, Social Security Investment Fund (2006-2009)
- Financial Accountant, Social Security Investment Fund (2004-2005)
- Accountant, Arab Bank (2001-2003)

◆ **Dr. Yousef M. Goussous**

Board Member, Representative of Al Rawabi United Holding Co. - Kuwait

Date of Membership: 20/2/2001

Date of Birth: 1/1/1939

Education: Bachelor degree in medicine, Ain Shams University-Egypt, 1965 and then completed his specialization in heart diseases at Houston University, Texas-USA, 1973.

Current and Previous Positions:

- Deputy Head of Management Committee, Amman Surgical Hospital
- Member of the Jordan Senate (27/9/2016 – Present)
- Member of the Jordanian Senate (2011 – 2013)
- Lecturer on heart disease at the University of Jordan and at the Jordan University for Science and Technology
- Senior consultant at Queen Alia Center for Heart Disease and Surgery
- Served as Manager of Al Hussein Medical Center and Chief of the Royal Medical Services
- Fellow of several distinguished British and American medical institutions
- Holder of several elite civil, military and medical medals of achievement in Jordan and abroad

◆ **Mr. Mansour A. Louzi**

Board Member, Representative of Strategy Company for Investments

Date of Membership: 15/3/2009

Date of Birth: 28/6/1961

Education: Bachelor degree in Business Administration and Marketing, St. Edwards University, Texas -USA, 1983.

Previous Positions:

- Business Development Manager, Siemens Company - Jordan Branch - Until 31/3/2020
- Board Member, United Financial Investments Co. / Representative of Jordan Kuwait Bank – Until 30/5/2020
- Administrative Manager, Siemens Company -Jordan Branch (1993 - 2006)
- Central Bank of Jordan – International Relations Dept. - Investment Unit (1985 - 1993)
- Jordan Armed Forces – Studies & Development Dept. (1984 - 1985)

◆ **Mr. Bijan Khosrowshahi**

Board Member, Representative of Odyssey Reinsurance Co. - U.S.A

Date of Membership: 23/3/2011

Date of Birth: 23/7/1961

Education: MBA, 1986 and Bachelor degree in Mechanical Engineering, Drexel University, USA, 1983.

Current Positions:

- President of Fairfax International, London
- Board member, Representative of Fairfax Financial Holdings Limited for the following companies:
- Gulf Insurance Group – Kuwait
- Gulf Insurance & Reinsurance Company (GIRI) - Kuwait
- Bahrain Kuwait Insurance – Bahrain
- Arab Misr Insurance Group – Egypt
- Arab Orient Insurance Company – Jordan
- Alliance Insurance P.S.C. - Dubai
- BRIT Limited - United Kingdom
- Commercial International Bank – Egypt

Previous Positions:

- President & CEO, Fuji Fire and Marine Insurance Company, Japan
- President, AIG's General Insurance operations, Seoul, Korea (2001-2004)
- Vice Chairman and Managing Director, AIG Sigorta, Istanbul, Turkey (1997-2001)
- Regional Vice President, AIG's domestic property and casualty operations for the Mid-Atlantic region, USA
- Held various underwriting and management positions with increasing responsibilities, AIG, USA since 1986

◆ **H.E. Dr. Marwan J. Muasher**

Independent Board Member

Date of membership: 25/4/2016

Date of Birth: 14/6/1956

Education: PhD in Computer Engineering, Perdue University-USA, 1981, Masters of Science in Computer Engineering, Perdue University-USA, 1978, Bachelor of Science in Computer Engineering, Perdue University-USA, 1977.

Current Positions:

- Board Member, Masafat For Specialized Transport Co. (4/2015 – present)
- Board Member, Ready Mix Concrete & Construction Supplies Co. (2/2016 – present)
- Board Member, Premier Business & Projects Co. (26/4/2018- Present)
- Vice President for Studies, The Middle East Program, The Carnegie Endowment for International Peace (2010- present)
- Member of the Board of Trustees, American University of Beirut (2007-present)
- Member of the Aspen Ministers Forum (2009- present)
- Advisory Board Member, IMF Middle East Department (2010 – present)
- Advisory Board Member, Purdue University Global Policy Research Institute (2010 –present)
- Advisory Board Member, The Hague Institute for Global Justice (2011- present)
- Board Member, Partners for Demographic Change (2013- present)
- Board Member, The Asfari Foundation (2013 –present)
- Board Member, The Global Centre on Pluralism (2014- present)

Previous Positions:

- Senior Fellow, Yale University (2010-2011)
- Senior Vice President – External Affairs, The World Bank (2007-2010)
- Member of the Jordanian Senate (2005-2007)
- Deputy Prime Minister and Government Spokesperson (7/2005-11/2005)
- Minister of the Royal Court (Chief of Staff) for King Abdullah II of Jordan (4/2005-7/2005)
- Deputy Prime Minister in charge of reform and government performance (2004-2005)
- Minister of Foreign Affairs (2002-2004)
- Jordan's Ambassador to the United States (1997-2002)
- Minister of Media Affairs and Government Spokesperson (1996-1997)

- **Mr. Hani K. Hunaidi**

  Independent Board Member

  Date of membership: 25/4/2016

  Date of Birth: 15/8/1949

  Education: Master of Business Administration (MBA), Portland State University –USA, 1980 and Bachelor of Business Administration, American University of Beirut. 1973, Certified Public Accountant (CPA).

  Current Positions:
  - Chairman, Mediterranean Industries Company
  - Chairman, Mediterranean Energy Company

  Previous Positions:
  - Managing Director, Jordan Kuwait Company for Agriculture and Food Products (1986-1992)
  - Project General Manager, Jordan Management and Consultancy Corp. (1984-1986)
  - Financial and Administrative Manager, Jordan Securities Corp. (1982-1984)
  - Auditor, Touch Ross & Co. (1980-1982)
  - Project Senior Accountant, Consolidated Contractor Company (1976-1978)
  - Accountant, Safwan Trading & Contracting Co. Kuwait (1973-1974)

- **Mr. Majed F. Burjak**

  Independent Board Member

  Date of membership: 25/4/2016

  Date of Birth: 4/2/1947

  Education: Bachelor degree in Public Administration and Political Science, Jordan University, 1969.

  Previous Positions:
  - Deputy General Manager/Support Services Group, Jordan Kuwait Bank (2007-2011)
  - Assistance General Manager/Operations, Jordan Kuwait Bank (1998-2007)
  - Assistant General Manager for Technology and Operations, Export and Finance Bank (1996- 1998)
  - Senior Business Manager, ANZ Banking Corporation - Australia (1993-1996)
  - Country Operations Manager, Grindlays Bank (1969-1993)

- **Mr. Safwan S. Toqan**

  Independent Board Member

  Date of membership: 7/12/2016

  Date of Birth: 23/10/1942

  Education: Bachelor degree in Business Administration, American University - Beirut, 1966, Master degree in Economics, University of South California – USA, 1976, PhD in Economics, University of South California –USA, 1980.

  Previous Positions:
  - Member of the 26th Jordanian Senate
  - Chairman, Amman Stock Exchange (2012-2013)
  - Chairman, Jordan Phosphate Mines Company (2000 – 2004)

- General Manager, Social Security Corporation (1994 – 1999)
- Secretary General, Ministry of Planning (1989 – 1994)
- Assistant Professor, Yarmouk University (1981 – 1989)
- Lecturer, University of South California – USA (1975 – 1980)
- Central Bank of Jordan (1966 – 1975)

◆ **H.E. Mr. Marwan M. Awad**

Independent Board Member

Date of membership: 23/5/2018

Date of Birth: 11/3/1951

Education: Master degree in Economics from Vanderbilt University-USA, 1980, A Diploma of Higher Education in economic development from Vanderbilt University –USA, 1980 and Bachelor degree in Business Administration, Jordan University, 1973.

Current Positions:

- General Manager, First International for Consultation and Arbitration
- Chairman, Jordanian Elaf Co. for Integrated Solutions
- Chairman, Business Risk Experts Forum
- Vice Chairman, World Union of Arab Bankers – Beirut
- Member of Board of Trustees, Arab Academy for Banking and Financial Sciences

Previous Official & Governmental Positions:

- Minister of Finance (1996-1997)
- Secretary General, Ministry of Industry and Trade (1991 – 1993)

Previous Business Experiences:

- Chairman, Social Security Investment Board
- Vice Chairman, Royal Jordanian
- General Manager and CEO, Jordan Ahli Bank
- Manager, Investment and International Relations, Central Bank of Jordan
- General Manager and CEO, Middle East Investment Bank
- Executive Director, Qatar Islamic Bank
- General Manager, Industrial Development Bank
- Director and founder, Arab Institute of Banking Studies

4b/3/b: Members of the Executive Managements' Biographies:

◆ Mr. "Moh'd Yaser" M. Al -Asmar

Position: General Manager – until 14/11/2020

Date of Birth: 1947

Date of joining: 15/9/1990

Date of resignation: 15/11/2020

Education: Bachelor degree in Business Administration, University of Jordan, 1970.

Previous Positions:

- Asst. General Manager, Credit Department (1990 – 1993)
- Asst. General Manager, Credit Administration and Control, Commercial Bank of Kuwait - Kuwait (1971 – 1990)

Previous Memberships:

- Board Member, Jordan Payment and Clearing Co. /Representative of Jordan Kuwait Bank
- Board Member, The Association of Banks in Jordan (2010 - 2015)
- Board Secretary (1993-2014)
- Board Member, Arab Orient Insurance Co./ Representative of Jordan Kuwait Bank (July, 2009- March, 2013)
- Vice Chairman, The Association of Banks in Jordan (2005-2010)
- Chairman and Board Member, Arab Orient Insurance Co. / Representative of Strategy Company for Investments (Jan. 2009-June 2009)

◆ Mr. Tawfiq A. Mukahal

Position: Deputy General Manager – Head of Banking Group

Date of Birth: 1951

Date of joining: 12/10/1991

Education: Secondary School Certificate, 1969

Previous Positions:

- Asst. General Manager, Credit Dept. (1998 – 2007)
- Executive Manager, Credit Dept. (1993 – 1997)
- Manager, Marketing & Credit Unit (1991 – 1993)
- Manager, Marketing & Credit Dept., National Bank of Kuwait – Kuwait (1971 – 1990)

Memberships:

- Board Member, Jordan Mortgage Refinance Co./ Representative of Jordan Kuwait Bank
- Board Member, Jordan Loan Guarantee Corporation / Representative of Jordan Kuwait Bank
- Board Member, Arab Orient Insurance Co.

Previous Memberships:

- Board Member, Jordan Steel Co./ Representative of Jordan Kuwait Bank
- Board Member, Kingdom Electricity Co. /Representative of Daman Energy Investment Co.

- **Mr. Haethum S. Buttikhi**

Position: Head of Retail & Private Banking

Date of Birth: 1977

Date of joining: 1/6/2003

Education: Royal Military Academy, Sandhurst - U.K., 1996.

Bachelor degree in Political Science & International Relations, Kent University – U.K., 2000

Previous Positions:

- Executive Manager, Private Banking Unit (2006 - 2007)
- Manager, Main Branch (2003 - 2005)

Memberships:

- Chairman, Ejara Leasing Co. (fully owned subsidiary) (2011 – present)
- Chairman, Specialized Management Co. For Investment & Financial Advisory (fully owned subsidiary) (19/11/2017 – present)
- Chairman, United Financial Investments Co. (19/9/2017 – present)
- Board member, Quds Bank / Representative of Jordan Kuwait Bank (26/7/2018 – Present)
- Board of Trustees, The Jordan Museum (8/10/2017 – present)
- Board Member, Queen Rania Foundation (21/2/2018 – present)
- Board Member, Jordan Institute of Directors
- Board Member, Al-Dhia' Association For Education and Training of Visually Impaired Children

- **Mr. William J. Dababneh**

Position: Head of Treasury, Investment & Intl. Relations, Jordan Kuwait Bank – until 31/8/2020

Date of Birth: 1957

Date of joining: 27/8/1994

Date of resignation: 1/9/2020

Education: Secondary School Certificate, 1975

Previous Positions:

- 17 Years of experience in various banks and the last was Arab Jordanian Investment Bank (1990 – 1994)

- **Mrs. Hiyam S. Habash**

Position: Head of Finance – until 30/6/2020

Date of Birth: 1955

Date of joining: 6/2/1999

Date of resignation: 1/7/2020

Education: Diploma in Applied Science, American Lebanese University, 1978

Previous Positions:

- Financial Manager, New English School (1992 – 1997)
- Financial Manager, Petra Bank (1978 – 1989)

Memberships:

- Board Member, Specialized Management Co. For Investment & Financial Advisory (fully owned subsidiary) (14/12/2016 – present)

- **Mr. Ibrahim E. Kashet**

Position: Head of Legal Affairs

Date of Birth: 1962

Date of joining: 1/4/1989

Education: Bachelor degree in Law, University of Jordan, 1986

Previous Positions:

- Legal Department (2000 – Present)
- Credit Department (1994 – 2000)
- Credit Follow Up Department (1989 – 1994)

Memberships:

- Vice Chairman, Amad Investment and Real Estate Development
- Member of the Jordanian Writers Association

- **Mr. Zuhdi B. Al-Jayousi**

Position: Head of Corporate Business – As of 9/7/2020

Date of Birth: 1970

Date of joining: 6/9/1997

Education: Bachelor degree in Accounting, Al- Ahliyya Amman University, 1994

Previous Positions:

- Head of Corporate Credit, Jordan Kuwait Bank - until 8/7/2020
- General Banking Experience, Jordan & Gulf Bank, (1994 –1997)

- **Dr. Makram A. Al- Qutob**

Position: Head of Corporate Credit – As of 17/8/2020

Date of Birth: 1965

Date of joining: 16/5/2004

Education: PhD in Accounting, Arab Academy for Banking and Financial Sciences, 2009.

Previous Positions:

- Co-Head, Corporate Credit, Jordan Kuwait Bank – until 16/8/2020
- Arab Bank (1998-2004)
- Arab Thought Forum (1990-1998)

Memberships:

- Board Member, Al-Isra Education & Investment / Representative of Jordan Kuwait Bank
- Vice Chairman, Jordan Commercial Banks Co. / Representative of Jordan Kuwait Bank (15/8/2017- present)
- Board Member, Consortium Banks Investment Group / Representative of Jordan Kuwait Bank (10/5/2017 – present)

◆ **Mr. Ibrahim F. Bisha**

Position: Head of Treasury, Investment & Intl. Relations – As of 1/9/2020

Date of Birth: 1971

Date of joining: 19/6/2001

Education: Master degree in Business Administration, Maastricht School of Management – Cyprus, 2005

Previous Positions:

- Co-Head, Treasury, Investment & Intl. Relations, Jordan Kuwait Bank – Until 31/8/2020
- Banking, Jordan Kuwait Bank (Cyprus Branch), (2001 – 2006)
- Banking, Al-Jazeerah Bank – Saudi Arabia, (1999 – 2001)
- Banking, Dar Ithmar Financial Services, (1997 – 1999)
- Banking, Amman Investment Bank, (1992 – 1997)

◆ **Mr. Abdallah I. Mismar**

Position: Head of Administrative Affairs Dept.

Date of Birth: 1973

Date of joining: 5/3/2000

Education: Bachelor degree in Law, Al-Ahliyya Amman University, 1997

Previous Positions:

- Legal Affairs Department at Ministry of Interior (1997-2000)

◆ **Mr. Daoud A. Issa**

Position: Head of Human Resources Department

Date of Birth: 1973

Date of joining: 18/11/2012

Education: Bachelor degree in Economics, Yarmouk University, 1998

Previous Positions:

- Head of HR planning and budget and Head of Personnel, Qatar Petroleum and its affiliated companies - Qatar (2004-2012)
- Personnel Manager, Lotus Trading and Contracting Company – Qatar (2001 – 2004)
- Personnel and Public Relations Manager, Engineering Technical Contracting Company – Jordan (2000-2001)

Memberships:

- Board Member, Ejara Leasing Co. (fully owned subsidiary) (3/2019 – present)

◆ **Mr. Ibrahim F. Taani**

Position: Head of Finance – As of 17/8/2020

Date of Birth: 1964

Date of joining: 4/11/2013

Education: Master degree in finance and banking, Arab Academy for Banking and Financial Sciences, 1994

Previous Positions:

- Head of Internal Audit Department, Jordan Kuwait Bank – until 16/8/2020
- Head of Internal Audit, Standard Chartered Bank – Jordan (2011-2013)

- Executive Vice President, ABC Investment (2009-2011)
- Chief Financial Officer, Aloula Geojit – KSA (2007-2009)
- Head of Examiners/ Inspectors - Central Bank of Jordan (1989-2007)
- Financial Analyst, Jordan Securities Commission (1988-1989)

◆ **Mr. Fadi M. Ayyad**

Position: Head of Compliance

Date of Birth: 1971

Date of joining: 29/4/2018

Education: Bachelor degree in accounting from Biuret Arab University, 1995

Previous Positions:

- Vice president group Compliance, First Abu Dhabi Bank – UAE (2010-2018)
- Senior Compliance Manager Head of Financial crime Unit, Barclays – UAE (2008-2010)
- Regional Compliance Officer, MoneyGram – UAE (2007-2008)
- Regulatory Compliance Acting Manager, Doha Bank – Qatar (2006-2007)
- Regulate Compliance Area Officer, Arab Bank – Jordan (2005-2006)
- Team Leader Operation & Sales Services Officer, Arbift (2004-2005)
- Operation & Administration Officer, NBAD (2000-2004)
- Assistant Head of Foreign Trade Department, Arab Bank (1991-2000)

◆ **Mr. Maher M. Abu Sa'adeh**

Position: Head of Information Technology

Date of Birth: 10/5/1971

Date of joining: 28/4/2019

Education: Yarmouk University- Computer & Automatic Control Engineering

Previous Positions:

- Chief Information Officer, Jordan Microfinance Company (Tamweelcom) (9/2017 - 4/2019)
- Partner, Technology Consulting – Dimension Management Consulting (2011 – 2017)
- Senior Programme Director & Head of IT Operations, Bank Al Jazira (2006 – 2011)
- Chief Information Officer, Al Jazira Takaful (2009 – 2011)
- Consulting Manager, DevoTeam (2005 – 2006)
- Consultant & Project Manager, IBM International (1999 – 2002)

Memberships:

- Co-founder in PMI Jordan Chapter

◆ **Mr. Ayman D. Al Kurdi**

Position: Head of Operations – As of 1/6/2020

Date of Birth: 9/6/1958

Date of joining: 1/11/1982

Education: Bachelor degree in Business Administration, Jordan University, 1980

Previous Positions:

- Trade Finance Manager, Jordan Kuwait Bank – Until 31/5/2020
- Trade Finance Assistant Manager, Jordan Kuwait Bank
- Operations Department Coordinator, Jordan Kuwait Bank

◆ **Mahmoud I. Al Ahmar**

Position: Head of Risk

Date of Birth: 08/06/1979

Date of Joining: 23/06/2002

Education: Masters in Banking and financial Sciences / Major in Accounting, The Arab Academy for Banking and Financial Studies, 2005, Bachelors in Accounting, Philadelphia University, 2001

Previous Positions:

- Assigned to oversee risk management functions
- Market Risk and Basel implementation Manager, Jordan Kuwait Bank
- Financial Controller Manager, Jordan Kuwait Bank

◆ **Mr. Yousef W. Hassan**

Position: Head of Internal Audit – as of 17/8/2020

Date of Birth: 22/5/1971

Date of Joining: 5/6/2006

Education: Bachelor Degree in Accounting, Jordan University, 1994

Previous Positions:

- Combating Financial Crime Manager, Jordan Kuwait Bank
- AML/CFT Manager, Jordan Kuwait Bank
- Regulatory Compliance Manager, Jordan Kuwait Bank
- Main Internal Auditor, Jordan Kuwait Bank
- Audit Team Leader, Cairo Amman Bank

4b/4: Shareholders who own 1% or more of the Bank's shares (2020 & 2019)

Shareholder	Nationality	No. of Shares 31/12/2020	%	No. of Shares 31/12/2019	%	Ultimate Beneficiary	Mortgaged Shares	% Mortgaged Shares to total Shares held	Mortgagor
Al Rawabi United Holding Co.	Kuwaiti	76,390,240	50.927	50,926,827	50.927	• portfolios Accounts /clients of investment companies – Kuwait • Treasury shares / employees of KIPCO	76,387,240	99.99	Burgan Bank - Kuwait
Social Security Corporation	Jordanian	31,562,466	21.042	21,041,644	21.042	Itself	-	-	-
Odyssey Reinsurance Company	American	8,775,000	5.850	5,850,000	5.850	FAIRFAX FINANCIAL HOLDING Ltd. Canada Mr. V. Prem Watsa As Chairman & CEO	-	-	-
Kuwait Wealth Holding Ltd.	Virgin Islands	3,631,554	2.421	2,421,036	2.421	Itself Mr. Abdel Karim Kabariti As the Company's First Director	-	-	-

4b/5: Competitive position:

The Bank operates within the Jordanian banking sector, which includes 24 local and foreign banks. The Bank has 64 branches in Jordan and a branch in Cyprus. The Bank's main activities include the acceptance of deposits, granting credit, and offering banking and investment services to various economic sectors, institutions and individuals. The Bank's share of the total banking facilities in Jordan was 4.96% and 4.70% of total deposits as at 31/12/2020.

4b/6: Major Suppliers and Clients:

There are no suppliers who obtained more than 10% of the total Bank's purchases for the year 2020.

4b/7:

- The Bank does not enjoy any governmental concessions or protection in accordance with the prevailing rules and regulations.
- The Bank does not have any patents or franchise rights acquired by the Bank.

4b/8: There has been no material effect on the Bank's operations, products or competitiveness as a result of any government or international organizations' decisions. International quality standards do not apply to the bank.

4b/9: Human Resources, Training and Organizational Structure:

Total number of employees as at 31/12/2020 was (1,266) of whom (13) were employed at the Cyprus branch. In addition, there were (40) employees at the Subsidiary companies.

Staff educational qualifications:

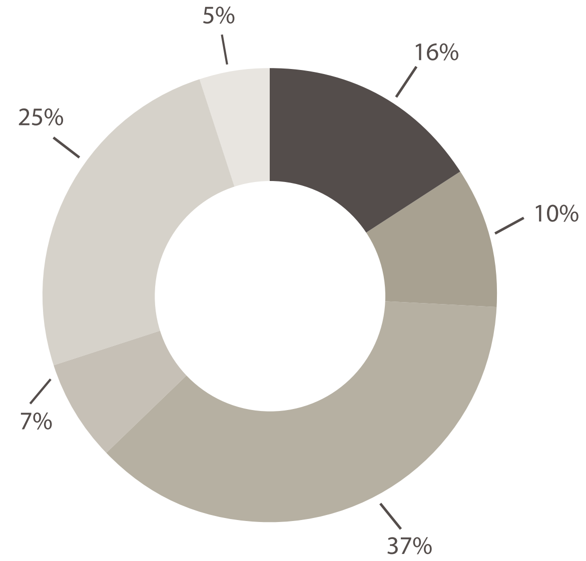
Qualification	Jordan Kuwait Bank	United Financial Investments Co.	Ejara Leasing Co.	Sanad Capital
PhD	1	-	-	-
Masters	84	1	2	1
Higher Diploma	4	-	-	-
Bachelor	992	6	20	2
Diploma	102	1	2	-
Secondary School Certificate	30	2	3	-
Pre- Secondary School Certificate	53	-	-	-
Total	**1,266**	**10**	**27**	**3**

Staff training during 2020:

Training Subject	External Training		Internal Training		E-Training		Total	
	No. of Courses	No. of Participants	No. of Courses	No. of Participants	No. of Courses	No. of Participants	No. of Courses	No. of Participants
Specialized Banking	2	5	5	96	37	2145	44	2246
Compliance, AML, Fraud & Audit	2	3	3	60	23	1459	28	1522
Personal and Behavioral Skills	0	0	8	181	97	4666	105	4847
IT, Banking Systems, Delivery Channels	1	1	1	32	19	699	21	732
Administrative programs and non-banking specialization	7	10	3	25	60	4598	70	4633
English Language	14	14	0	0	0	0	14	14
Total	**26**	**33**	**20**	**394**	**236**	**13567**	282	**13994**

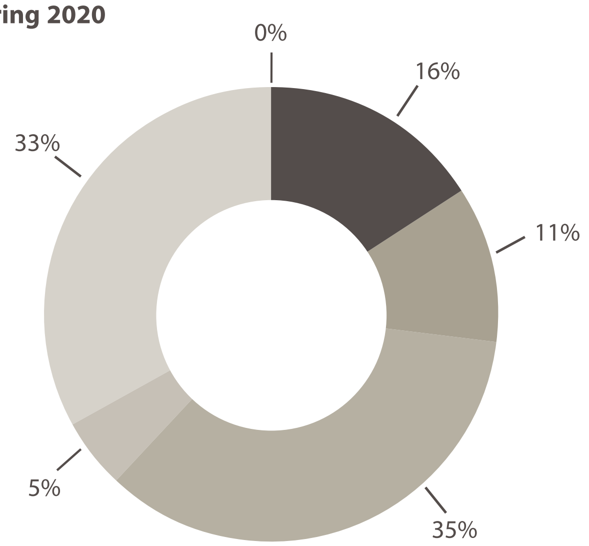
Distribution of number of courses during 2020

- Specialized Banking
- Risk, Compliance, AML, Fraud & Audit
- Personal and Behavioral Skills
- IT, Banking System, Delivery Channels
- Administrative programs and nonbanking specialization
- English Language



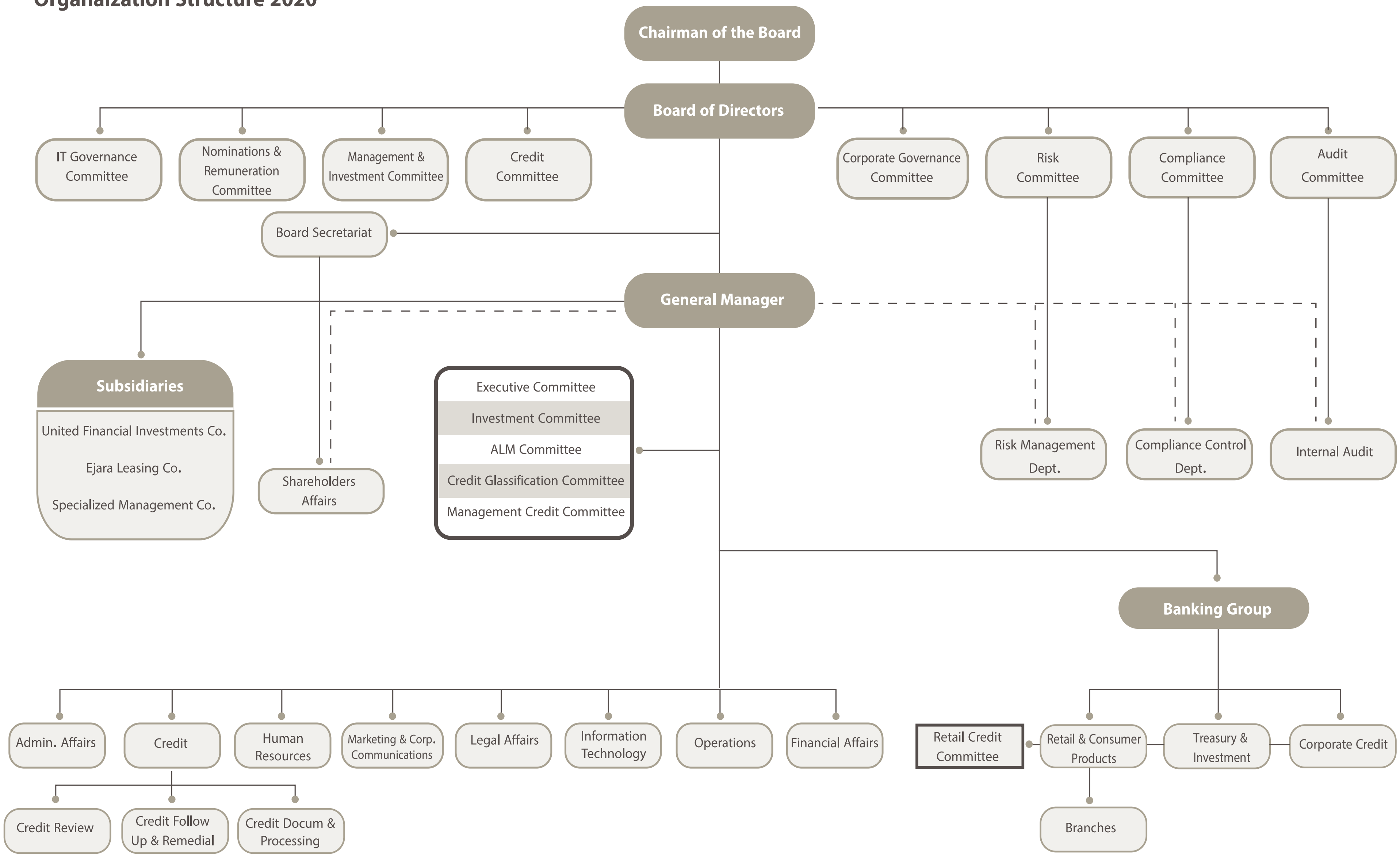
Distribution of number of coureses beneficiaries during 2020

- Specialized Banking
- Risk, Compliance, AML, Fraud & Audit
- Personal and Behavioral Skills
- IT, Banking System, Delivery Channels
- Administrative programs and nonbanking specialization
- English Language



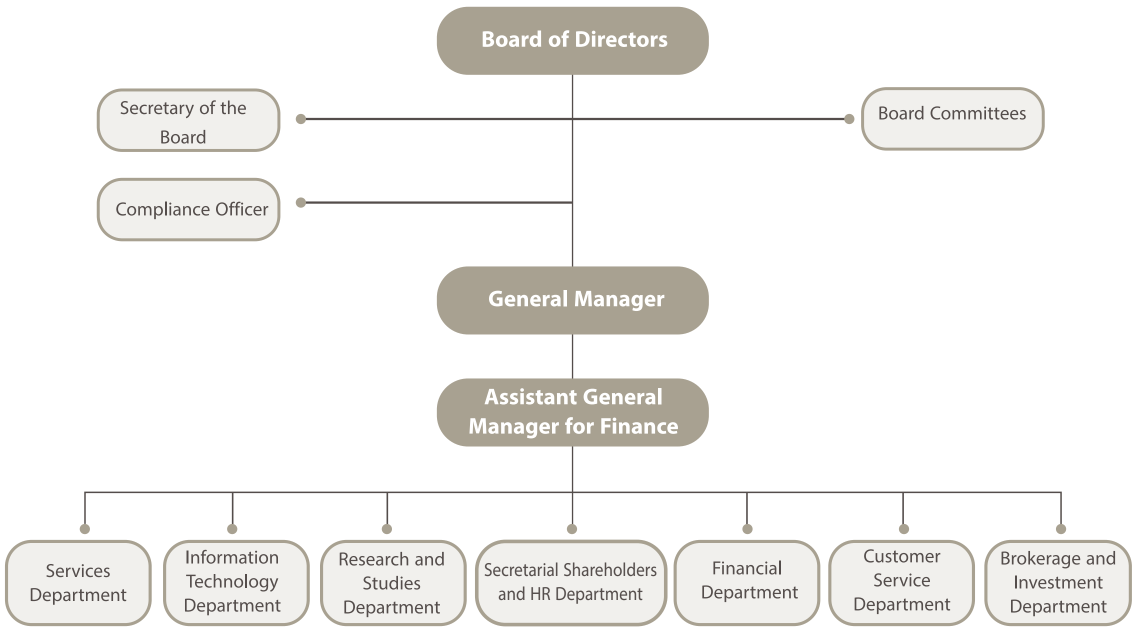
JORDAN KUWAIT BANK

Organaization Structure 2020

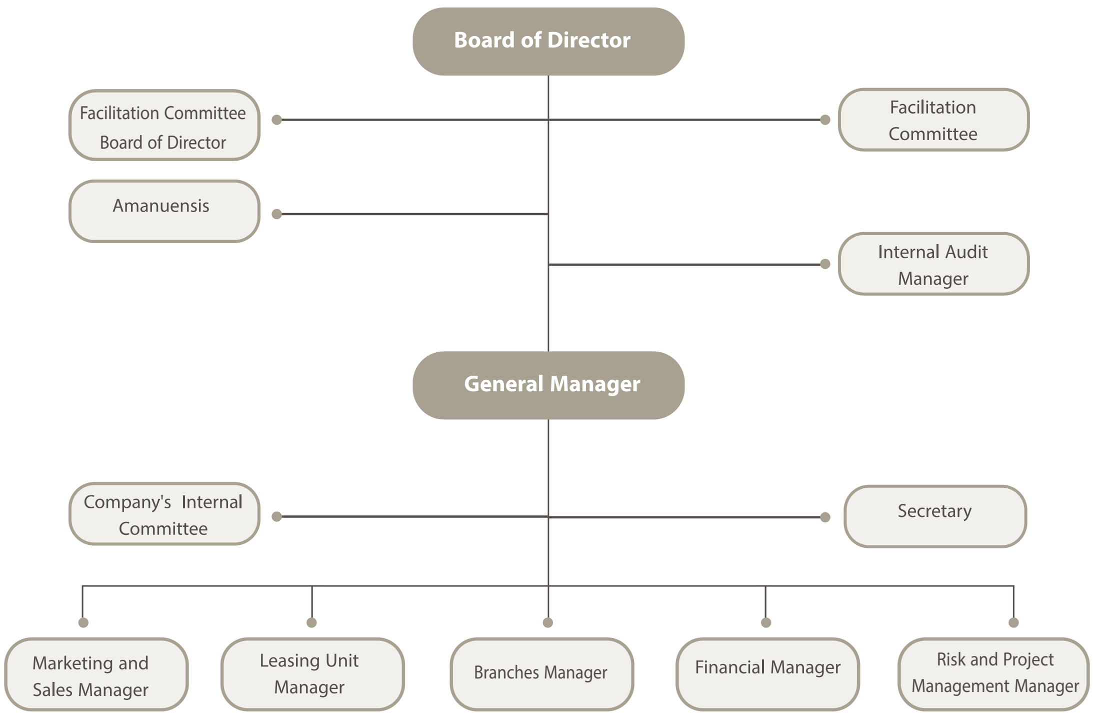


Subsidiary Org. Structures

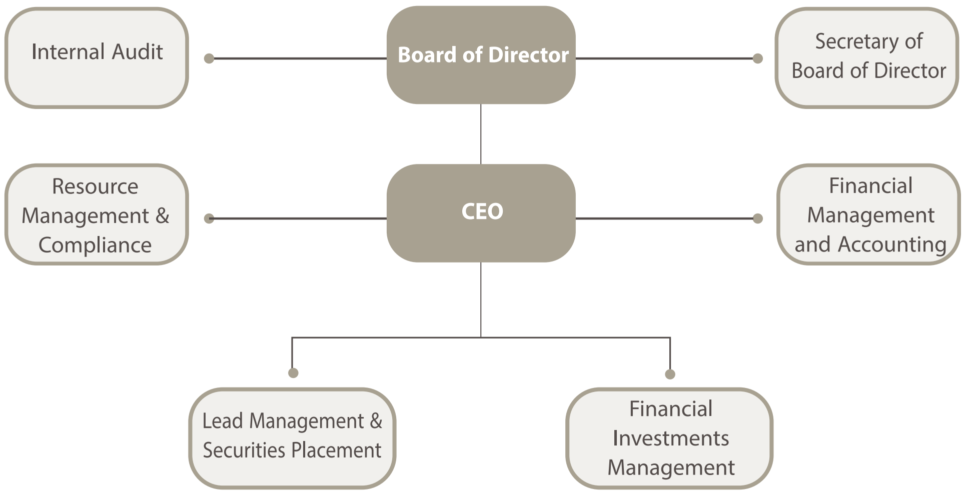
United Financial Investments Co.



Ejara Leasing Co.



Sanad Capital



4b /10: Description of risks: Included in the report.

4b /11: Achievements during 2020: Included in the report.

4b /12: There had been no financial effects of non-recurring operations that do not fall within the Bank's core business activity during 2020.

4b/13: Changes in Net Profit, Dividend, Shareholders' equity and Share price (2016-2020)

Amounts in Thousand JOD

Year	Profit (loss) from Continuous Operations before tax	Dividend According to the year of distribution		Bank Shareholders' Equity	Share / JOD
		Bonus Shares	Cash		
2016	42,861	-	20%	459,693	3.940
2017	42,313	-	20%	468,411	3.500
2018	55,849	-	20%	445,562	2.900
2019	46,934	-	20%	459,532	2.510
2020	(5.579)	50%	-	456,432	1.440

4b/14: Financial Position: Included in the report.

4b/15: Future Plan: Included in the report.

4b/16: Auditors' Fees: Auditors' fees for the Bank and its subsidiaries in 2020 amounted to JOD 141,038

4b/17: Shares owned by the Board Members during 2020 & 2019:

	Name	Position	Nationality	Shares 31/12/2020	Shares 31/12/2019
	Al Rawabi United Holding Co.	Board Member	Kuwaiti	76,390,240	50,926,827
1	Mr. Abdel Karim A. Kabariti	Chairman / Rep.: Al Rawabi United Holding Co.	Jordanian	1,719	1,146
2	Dr. Yousef M. Goussous	Rep.:Al Rawabi United Holding Co.	Jordanian	12,999	8,666
3	Mr. Faisal H. Al-Ayyar	Vice Chairman	Kuwaiti	15,000	10,000
4	Mr. Tariq M. Abdul Salam	Board Member	Kuwaiti	21,375	14,250
5	Kuwait Projects Co. (Holding)	Board Member	Kuwaiti	76,494	50,996
	Mr. Masaud M.Jawhar Hayat	Rep.: Kuwait Projects Co. (Holding)	Kuwaiti	48	32
6	Odyssey Reinsurance Co.	Board Member	American	8,775,000	5,850,000
	Mr. Bijan Khosrowshahi	Rep.: Odyssey Reinsurance Co.	American	-	-
7	Social Security Corporation	Board Member	Jordanian	31,562,466	21,041,644
	Mr. Mohammad A. AlMadi	Rep.: Social Security Corporation – *Until 16/6/2020*	Jordanian	-	-
	Mr. Nidal F. Qubbaj	Rep.: Social Security Corporation – *As of 17/6/2020*	Jordanian	-	-
8	Strategy Company for Investments	Board Member	Jordanian	1,500	1,000
	Mr. Mansour A. Lozi	Rep.: Strategy Company for Investments	Jordanian	99,597	66,398
9	Dr. Safwan S. Toqan	Board Member	Jordanian	1,500	1,000
10	Dr. Marwan J. Muasher	Board Member	Jordanian	205,500	137,000
11	Mr. Hani K. Hunaidi	Board Member	Jordanian	1,573	1,049
12	Mr. Majed F. Burjak	Board Member	Jordanian	1,500	1,000
13	Mr. Marwan M. Awad	Board Member	Jordanian	1,500	1,000

Shares owned by the Bank Executives during 2020 & 2019

	Name	Position	Nationality	Shares 31/12/2020	Shares 31/12/2019
1	Mr. "Moh'd Yaser" M. Al-Asmar	General Manager – Until 14/11/2020	Jordanian	5,000	30,000
2	Mr. Tawfiq A. Mukahal	Deputy G.M. / Head of Banking Group	Jordanian	-	-
3	Mr. Haethum S. Buttikhi	Head of Retail & Private Banking	Jordanian	-	-
4	Mr. William J. Dababneh	Head of Treasury & Investment – Until 31/8/2020	Jordanian	-	-
5	Mrs. Hiyam S. Habash	Head of Finance – Until 30/6/2020	Jordanian	1,600	1,600
6	Mr. Ibrahim E. Kashet	Head of Legal Affairs	Jordanian	-	-
7	Mr. Zuhdi B. Al-Jayousi	Head of Corporate	Jordanian	-	-
8	Dr. Makram A. Qutob	Head of Corporate Credit	Jordanian	-	-
9	Mr. Ibrahim F. Bisha	Head of Treasury, Investment & Intl. Relations	Jordanian	-	-
10	Mr. Abdallah I. Mismar	Head of Administrative Affairs Dept.	Jordanian	-	-
11	Mr. Daoud A. Issa	Head of Human Resources Dept.	Jordanian	-	-
12	Mr. Ibrahim F. Taani	Head of Finance	Jordanian	-	-
13	Mr. Fadi A. Ayyad	Head of Compliance	Jordanian	-	-
14	Mr. Maher M. Abu Sa'adeh	Head of Information Technology	Jordanian	-	-
15	Mr. Ayman D. Al Kurdi	Head of Operations	Jordanian	-	-
16	Mr. Mahmoud I. Al Ahmar	Head of Risk	Jordanian	-	-
17	Mr. Yousef W. Hassan	Head of Internal Audit	Jordanian	-	-

Shares held by companies controlled by Board Members

Board Member	Position	Name of controlled Company	Ownership %	Shares of controlled Company in JKB 31/12/2020	31/12/2019
Kuwait Projects Co. (Holding)-Kuwait	Board Member	Al Rawabi United Holding Co.	99.99	76,390,240	50,926,827
Kuwait Projects Co. (Holding)- and its subsidiaries - Kuwait	Board Member	Burgan Bank-Kuwait	65.04	1,500	1,000
Kuwait Projects Co.(Holding)-Kuwait	Board Member	United Gulf Bank – Bahrain	97.69	473,503	315,669

Shares owned by the relatives of Board Members and Bank Executives (2020 & 2019)

	Name	Relation	Nationality	Shares 31/12/2020	Shares 31/12/2019
1	Mrs. Fatina Ahmad Jameel Malas	Wife of Mr. Abdel Karim A. Kabariti / Chairman	Jordanian	235,615	157,077
2	Mrs. Hind M. Jaber	Wife of Mr. "Moh'd Yaser" M. Al-Asmar / General Manager	Jordanian	70,000	20,000

Shares owned by companies controlled by relatives of Bank Board Members: There are no contributions from companies controlled by relatives of Bank Board Members

Shares owned by companies controlled by Bank Executives and their relatives: There are no contributions from companies controlled by Bank Executives and their relatives

4b/18a: Members of the Board of Directors' Remuneration (JOD):

	Name	Position	Board Membership Allowance	Travel, Transportation and meetings Allowances	Total
1	Mr. Abdel Karim A. Kabariti	Chairman	5,000	22,343	27,343
2	Mr. Faisal H. Al-Ayyar	Vice Chairman	5,000	4,254	9,254
3	Social Security Corporation	Board Member	5,000	8,700	13,700
4	Mr. Masaud M. Jawhar Hayat	Board Member	5,000	8,254	13,254
5	Mr. Tariq M. Abdul Salam	Board Member	5,000	4,254	9,254
6	Dr. Yousef M. Goussous	Board Member	5,000	8,200	13,200
7	Mr. Mansour A. Lozi	Board Member	5,000	10,600	15,600
8	Mr. Bijan Khosrowshahi	Board Member	5,000	4,254	9,254
9	Dr. Safwan S. Toqan	Board Member	5,000	8,700	13,700
10	Dr. Marwan J. Muasher	Board Member	5,000	5,700	10,700
11	Mr. Hani K. Hunaidi	Board Member	5,000	7,800	12,800
12	Mr. Majed F. Burjak	Board Member	5,000	9,700	14,700
13	Mr. Marwan M. Awad	Board Member	5,000	6,900	11,900

4b/18b: Executive Management's Remuneration (JOD):

	Name	Position	Annual Salary	Travel & Per diems	Committees	Total
1	Mr. "Moh'd Yaser" M. Al-Asmar	General Manager – Until 14/11/2020	466,786	-	1,800	468,586
2	Mr. Tawfiq A. Mukahal	Deputy G.M. / Head of Banking Group	413,692	-	3,300	416,992
3	Mr. Haethum S. Buttikhi	Head of Retail & Private Banking	309,980	-	2,300	312,280
4	Mr. William J. Dababneh	Board Advisor for Head of Treasury & Investment – Until 31/8/2020	313,526	1,112	-	314,638
5	Mrs. Hiyam S. Habash	Head of Finance – Until 30/6/2020	202,414	-	-	202,414
6	Mr. Ibrahim E. Kashet	Head of Legal Affairs	182,984	-	-	182,984
7	Mr. Zuhdi B. Al-Jayousi	Head of Corporate Business	185,000	-	700	185,700
8	Dr. Makram A. Qutob	Head of Corporate Credit	137,279	2,124	-	139,403
9	Mr. Ibrahim F. Bisha	Head of Treasury, Investment & Intl. Relations	179,917	-	-	179,917
10	Mr. Abdallah I. Mismar	Head of Administrative Affairs Dept.	98,882	-	-	98,882
11	Mr. Daoud A. Issa	Head of Human Resources Dept.	157,928	-	-	157,928
12	Mr. Ibrahim F. Taani	Head of Finance	177,974	-	1,200	179,174
13	Mr. Fadi A. Ayyad	Head of Compliance	147,928	-	1,200	149,128
14	Mr. Maher M. Abu Sa'adeh	Head of Information Technology	101,245	3,772	-	105,017
15	Mr. Ayman D. Al Kurdi	Head of Operations	90,024	-	-	90,024
16	Mr. Mahmoud I. Al Ahmar	Head of Risk	85,855	-	1,200	87,055
17	Mr.Yousef W. Hassan	Head of Internal Audit	65,250	-	300	65,550

4b/19: Donations: Total donations made by the Bank and its subsidiaries during 2020 amounted to JOD 2,563,441 Details of which are listed below:

Recipient	Amount / JOD
Himmet Watan Fund	2,000,000
Charities & Social Activities	232,840
Support Education	154,154
Banking and Financial Culture	75,483
Ministry of Health	50,000
National Workshops & Conferences	18,500
Sports Activities	14,012
Training Students from Institutes & Universities	11,142
Support to Health Initiatives	5,500
Other	1,810
Total	**2,563,441**

4b/20: Contracts, projects and commitments held by the Bank with subsidiaries or sister or affiliate companies or the Chairman or members of the Board of Directors or General Manager or any staff member of the Bank or their relatives:

1. During 2020, the Bank entered into transactions with subsidiaries, sister and affiliate companies, major shareholders, members of the Board of Directors, and executive management within the normal Bank activities and applying commercial interest rates and commissions. All facilities granted to stakeholders are considered performing loans and no provisions were allocated for them. Details of such transactions are disclosed in Note 37 to the 2020 consolidated financial statements published in this report.

2. During the year 2020, the bank entered into a lease agreement for offices of a building adjacent to the Head Quarters owned by a Related Party to the Bank, and this deal was disclosed in note No.37.

4b/21: The Bank contributes towards the welfare of the local community and the environment; this was explained in the Activities and Achievements Chapter of this report.

4c/1-5: Financial Statements: Included in the report.

4d: Auditor's Report: Included in the report.

4e: Declarations by the Board of Directors:

4e/1: The Board of Directors hereby declares that there are no material issues that could hinder the business continuity of the Bank during the financial year 2021.

4e/2: The Board of Directors also declares its responsibility for the Financial Statements and that the Bank has an effective control system.

4e/3: Each of the undersigned Board of Directors declares that he did not gain any benefits, either cash or in-kind, as a result of his position at the Bank and was not declared whether be it for himself or any of his related parties during the year 2020.

Chairman and Board Members

....
Mr. Abdel Karim Kabariti
Chairman

....
Mr. Faisal H. Al Ayyar
Vice Chairman

....
Mr. Masoud J. Hayat

....
Mr. Tareq M. Abdul Salam

....
Mr. Nidal F. Qubbaj

....
Dr. Yousef M. Goussous

....
Mr. Mansour A. Louzi

....
Mr. Bijan Khosrowshahi

....
Dr. Marwan J. Muasher

....
Mr. Hani K. Hunaidi

....
Mr. Majed F. Burjak

....
Mr. Marwan M. Awad

....
Dr. Safwan S. Toqan

4e/4: The Chairman of the Board, the General Manager and the Financial Manager hereby declare that all information and data provided in this report are accurate and comprehensive.

Chairman of the Board	\General Manager	Financial Manager
Abdel Karim Kabariti		Ibrahim F. Taani

CORPORATE GOVERNANCE

GUIDE 2020

Table of Content

Introduction

The Central Bank of Jordan defines Corporate Governance as a system through which the Bank is managed and run. This system aims at identifying and achieving the corporate objectives of the Bank, managing the Bank's business safely, protecting the depositors' interests, being committed by due diligence responsibility towards shareholders and other stakeholders and abiding by laws and the Bank's internal policies.

Jordan Kuwait Bank perceives corporate governance as the key to win the confidence of the customers and other parties interested in JKB. Corporate Governance is the methodology through which JKB manages its interrelations and relations with the other involved parties.

JKB believes that the existence of good corporate governance will result in good management of the Bank and help to achieve the Bank strategic objectives. Moreover, JKB has an absolute belief that the presence of good governance at all Jordanian institutions will lead to have efficient institutions and provide the appropriate competitive environment, and so support the national economy in general. As banks play an important role in the financial system, and their businesses depend on their customers' deposits, it is therefore of high importance that they should have good corporate governance.

In view of that, the Board of Directors (BoD) of JKB decided to adopt the Corporate Governance Guide ("the Guide") which has been prepared according to the best international standards in this regard and based on the instructions of the Central Bank of Jordan (CBJ) and other regulatory authorities. By adopting this guide, JKB aims at implementing the principles of corporate governance represented in fair treatment of all relevant stakeholders, transparency and disclose JKB's actual financial and administrative position, in addition to accountability in terms of the relations between the BoD and executive management, BoD and shareholders, and BoD and other entities. JKB provides the approved version of the Guide on its website www.jkb.com

This guide reflects JKB requirements and policies approved by BoD. The Guide provisions shall be applicable to BoD, senior executive management and staff. JKB adopts strategies, policies and administrative structures of its subsidiaries within the framework of sound governance.

Definitions:

Corporate Governance: The system by which the bank is directed and managed, and which aims at identifying and achieving the bank's Corporate goals, managing the bank's operations safely, protecting the interests of depositors, committing to the responsibility due towards shareholders and other stakeholders, and the bank's commitment to legislations and the bank's internal policies.

Adequacy: The availability of specific requirements in the bank's board of directors' members and its senior executive management.

The Board: The bank's Board of Directors

Stakeholders: Anyone with interest in the bank, such as depositors, shareholders, employees, creditors, clients, or relevant control bodies.

Main Shareholders: Any person holding 5% or more of the bank's capital, directly or indirectly.

Executive Member: Board of Directors' member who participates, against remuneration, in managing the bank's daily operations.

Independent Member: A member of the Board of Directors who is not subject to influences that may hinder his ability to take objective decision to the Bank's favor and satisfies the conditions stipulated in the instructions of Corporate Governance for Banks.

Senior Executive Management: Includes the Bank's top positions specified in the Banking Law and the Corporate Governance Instructions issued by the Central Bank of Jordan, other instructions and legislations to which the Bank is subject, and all the positions defined in accordance with the job evaluation system adopted by the Bank at grade 20 or above.

JKB Corporate Governance Objectives

JKB aims at achieving the best standards of business ethics covering all the Bank's business aspects through disclosing JKB results accurately and transparently, and complete abidance by the various laws and regulations that govern JKB work.

Legal framework and sources of corporate governance

In preparing the Corporate Governance Guide, the Bank relied on the following:

- Banking Law In force.
- Companies' Law in force.
- Securities Law in force and the instructions of the Securities Commission.
- Deposit Insurance Law in force.
- Regulations and instructions issued under the above mentioned laws and any subsequent amendments thereof.
- Instructions for Corporate Governance for Banks issued by the Central Bank of Jordan
- Basel Committee relevant publications.
- OECD countries and the World Bank publications on corporate governance.
- Accounting Standards and International Financial Reporting Standards employed by investors to hold the management accountable.
- Laws in force in countries where JKB has branches and within the limits of JKB business.

In addition to the laws protecting the rights of shareholders, depositors and stakeholders.

Corporate Governance Related Parties

1. Shareholders

JKB framework of governance is dedicated to protect shareholders' rights along with serving and fairly treating them, particularly in the light of the laws, regulations and instructions issued by the regulatory authorities. The same also applies to JKB policies and procedures.

2. BoD Members

BoD members, on behalf of the shareholders, manage JKB under the various laws which define their duties and responsibilities (such as, Companies Law, Banks Law … etc.

3. Employees

All JKB employees, respectively, are held responsible for the implementation of the internal control procedures as part of their responsibilities in achieving the objectives of the Bank.

JKB employees should have the necessary information, skills, knowledge and authority to carry out JKB businesses. Indeed, this requires full understanding of the Bank, the industry, the market and the risks associated therein.

Through the employees' pursuit to achieve these requirements, they will positively contribute to JKB performance and achievements, and this will lead to job security and satisfaction.

4. Creditors

The different parties that are related to JKB, through contractual relations such as customers, suppliers and creditors.

Organizational Structure

Part of BoD duties is to approve an organizational structure consistent with the nature of JKB activities, to ensure that there are sufficient regulations to implement the adopted strategy, to facilitate effective decision-making process and to implement good corporate governance through:

- Clear and transparent organizational structure.
- Specific targets for each administrative unit.
- Job's specific duties and responsibilities for each administrative unit.
- Authorities, reporting lines and direct supervision channels designated for different managerial positions, as well as proper tasking/ tasks segregation.
- Manuals, policies and work procedures appropriate to execute and supervise operations, particularly defining a job description for all levels of jobs within the organizational structure, including qualifications and experience of staff holding each position.
- Ownership structure which does not hinder corporate governance.
- Independent departments to perform the functions of risk management, audit and compliance.
- Units and employees that are not involved in the daily operations of JKB activities (such as the employees of Credit Review and Middle Office).

BoD Members

a. The Bank's Board of Directors shall consist of, at least, thirteen members and four of them should be independent Directors as defined by the governance instructions issued by the Central Bank of Jordan on independent member.

b. None of the Members of BoD shall be an executive Director.

c. BoD develops a clear and appropriate policy for its members which is consistent with the laws and regulatory requirements.

d. In spite of what is stipulated in the Companies' Law, it is not permissible to assume both the positions of the board chairman and the general manager. The chairman of the board, board members, or main shareholders may not be connected to the general manager with a familial relationship below the fourth degree.

BoD Responsibilities

BoD is responsible for the soundness of all JKB operations, including its financial conditions, implementation of the Central Bank requirements besides other supervisory and regulatory requirements relating to JKB businesses, care for stakeholders, management of the Bank within the framework of its internal rules and policies, ensure that effective control over JKB activities is always in place, including JKB activities delegated to third-parties. To achieve all of that, members of BoD and their committees are allowed to have a direct contact with the executive management and BoD Secretary, while ensuring that none of the board members influence the decisions of the executive management, except through deliberations which take place during the board meetings or those of the committees emanating from it. BoD members are also authorized to seek external assistance, when required, on JKB expense in coordination with the Chairman.

BoD Tasks and Duties

Given the terms of reference and powers of JKB General Assembly, the elected BoD by the General Assembly shall carry out the duties and responsibilities of managing JKB activities for a period of four years effective the date of election. BoD tasks and duties include, but are not limited to:

I In the area of general supervision, control and draw JKB strategies:

1. Overseeing senior executive management and follow-up their performance and ensure soundness of JKB financial position and solvency. BoD shall adopt appropriate policies and procedures for supervision and control over JKB performance.
2. Defining and approving the Bank's strategy
3. Identifying JKB strategic objectives, directing the executive management to develop a strategy to achieve these objectives, and approving this strategy. BoD shall adopt action plans which are consistent with this strategy.
4. Approving JKB organizational structure which identifies reporting sequence, including BoD committees and executive management.
5. Approving a policy to monitor and review the executive management performance through developing performance indicators to identify measure, and monitor the performance and progress towards the achievement of corporate goals.
6. Ensuring the existence of policies, plans and procedures covering all JKB activities which are consistent with the relevant laws, and that they are communicated to all administrative levels, and are regularly reviewed.
7. Identifying JKB corporate values , drawing clear lines of responsibility and accountability for all JKB activities and promoting a high-level culture of ethical standards, integrity and professional conduct of JKB managers.
8. Taking the appropriate actions to address weaknesses in the internal control systems or any other points identified by the external auditor, adopting internal control systems and reviewing them annually, in addition to approving appropriate controls which enable BoD to hold the senior executive management accountable for their actions.

II In the area of policies, instructions, strategies and controls to be endorsed by BoD:

1. Approving appropriate policies and procedures to supervise and control JKB performance.
2. Approving a set of clear boundaries of responsibility and accountability to be committed to, and abided by, all levels of JKB management.
3. Approving an effective policy to ensure the relevancy of BoD members "fit and proper". The policy should include minimum criteria, and conditions that the BoD candidate and appointed member should have. The policy should be reviewed from time to time and when necessary. BoD should develop adequate procedures and systems to ensure that all BoD members meet relevance standards and that they continue to enjoy them.
4. Approving a policy to ensure the relevancy of the members of senior executive management so that this policy includes minimum criteria, and conditions of laws in force on senior executive management. BoD reviews this policy from time to time, establishes sufficient procedures and systems to ensure that all members of the senior executive management meet the relevance standards and that they continue to enjoy them.
5. Approving a system to measure the performance of the Board and its members, and a system to measure the performance of JKB administrators excluding BoD members and the General Manager.

6. Approving a policy and procedures to address any conflict of interests for JKB is part of a banking group, and disclosure of any conflict of interest may arise as a result of JKB partnerships with companies of the group.
7. Approving policies and procedures for dealings with stakeholders, so they include identifying these parties, taking into consideration the laws, transactions terms, approval procedures and a mechanism to monitor these transactions, so as not to go beyond these policies and procedures.
8. Approving the controls for information transfer among various departments to prevent exploiting them for personal advantages.

III What BoD should verify:

1. Ensure the existence of adequate and reliable management information systems which cover all JKB activities.
2. Verify that the credit policy includes assessing the quality of corporate governance of JKB clients, mainly public shareholding companies, so that clients' risks are assessed by identifying their strengths and weaknesses according to their governance practices .
3. Ensure that JKB adopts appropriate social initiatives in the field of environment protection, health and education, taking into account financing of SMEs at affordable prices and proper repayment schedules.
4. Ensure that the organizational structure clearly reflects borders of responsibility and authority.
5. Ensure that senior executive management performs its responsibilities related to the management of JKB daily operations, contributes to the implementation of corporate governance at the Bank, delegates powers to the staff, establishes an effective management structure that boosts accountability and that they carry out tasks in various areas and activities of JKB businesses in a manner that is consistent with the policies and procedures approved by BoD.
6. Ensure that the executive management enjoys a high level of integrity in exercising its business and avoid conflicts of interest.

IV BoD duties in the area of recruitment, appraisal and rewards:

1. Appointing a general manager enjoys qualities of integrity, technical competency and banking expertise, after obtaining the Central Bank of Jordan's "No Objection" prior to his appointment.
2. Approve, based on the recommendations of the special committee, the appointment of any executive management member after obtaining the Central Bank of Jordan's "No Objection"
3. Approve, based on the recommendations of the special committee, the resignation or service termination, of any executive management member. As for the resignation or service termination of the General Manager, the Audit manager, the Risk Management manager and the Compliance manager CBJ's "No Objection" should be obtained,
4. Forming committees from BoD members, defining their objectives and delegating powers according to a charter identifying such powers. Committees should submit periodic reports to BoD.
5. Endorsing a succession plan for senior members of the executive management of the bank. BoD should review this plan once a year at least.
6. Assessing the General Manager's performance annually in accordance with an appraisal system developed by the Nominations and Remuneration Committee, including developing the KPIs. Factors of the General Manager's performance appraisal should include JKB financial and administrative performance and his achievement of JKB medium and long term strategies and plans. The committee should report the appraisal results to the Central Bank of Jordan.

7. Establishing procedures to determine BoD members' remunerations in accordance with the approved appraisal system.
8. Ensuring the relevance of BoD members and members of the senior executive management in accordance with the JKB adopted policies and laws and regulations in force. BoD should verify that all declarations included in the Central Bank of Jordan instructions are duly signed.
9. Adopt a system to evaluate its work and that of its members, providing this system includes, as a minimum, the following:
   - Establish specific objectives and specify the role of the board in fulfilling these objectives in a measurable manner.
   - Establish key performance indicators that could be derived from the plans and strategic objectives, and used to measure the board's performance.
   - Communication between the board of directors and the shareholders, and maintaining this communication periodically.
   - Periodical meetings between the board of directors and the senior executive management.
   - The member's role in the board of directors' meeting, and comparing his performance with that of others. Feedback must be obtained from the relevant member for the purpose of improving the evaluation process.
10. Adopt a system to measure the performance bank's administrative staff other than members in the board of directors, and the general manager, provided this system includes the following as a minimum:
    - An adequate weighted value is given to measure compliance performance in the work frame of risk management, implementing internal control and organizational requirements.
    - That the total income or profit is not the only element to measure performance, but by taking into consideration also other elements to measure the performance of administrators, such as risks resulting from basic operations, customer satisfaction, and others, wherever this is applicable.
    - Refraining from peddling influence and conflict of interest.

V BoD Duties in the Area of Disclosure and Publication:

1. Ensuring the allocation of a part of JKB website to give details on the shareholders' rights and encourage them to attend and vote at the General Assembly meetings, as well as publishing documents related to meetings, including the full text of the invitation and minutes of meetings.
2. Ensuring that the financial and non-financial information of interest to stakeholders is published.
3. Ensuring that JKB abides by disclosures set by the International Financial Reporting Standards (IFRS), International Accounting Standards(IAS), instructions of the Central Bank of Jordan, other relevant laws and international accounting standards. BoD should also ensure that the executive management is aware of changes taking place to the international financial reporting standards.
4. Ensuring to include disclosures in JKB annual and quarterly reports which give the current or potential shareholders an access to JKB operations results and financial position.
5. Ensuring that the annual report includes the following as a minimum:
   - A summary of the Bank's organizational structure.
   - A summary of the functions and responsibilities of the board's committees, and any authorities the board delegated to these committees.
   - The Banks' Corporate Governance manual and Information important to stakeholders as shown in, and the extent to which it is committed to implementing what was mentioned in the manual.

- A text stating the responsibility and approval of the Board for the accuracy and adequacy of the financial statements of the Bank and the information contained in the report and the adequacy of internal control and systems.
- Information about each member of the board of directors, his qualifications and experience, and the amount of his contribution in the bank's capital, and whether he is independent or not, his membership in the board's committees, the date of his appointment, any membership he enjoys in the boards of directors of other companies, all forms of bonuses he received from the bank for the previous year, loans extended to him by the bank, and any other operations concluded between the bank and the member or the parties related to him.
- Information about the risk management department, including its organization, the nature of its operations, and the developments taking place in it.
- Number of times the board of directors met, its committees, and the number of times each member attended these meetings.
- Names of each member of the board of directors and the senior executive management who resigned over the year.
- A summary of the bank's bonus-granting policy, disclosing all types of bonuses and awards to the board of directors' members separately, as well as bonuses granted to members of the senior executive management separately, for the past year.
- The main shareholders of the Bank and in the companies that contribute mainly in the Bank
- Names of shareholders who own (1%) or more of the bank's capital, specifying the ultimate beneficial owners of these contributions or any part thereof, clarifying if any of these contributions is totally or partially mortgaged.
- Affirmations from all board members that the member did not receive any undisclosed benefits through his work at the bank, whether these benefits are material or tangible, and whether they were for him personally or for anyone related to him, for the previous year.

6. Notifying the Central Bank of Jordan by any material information that could adversely affect relevance of any member of the senior executive management.
7. Providing a specific mechanism to ensure communication with stakeholders through disclosures and providing significant information on JKB activities to those stakeholders through the following:
   - General assembly meetings.
   - Annual report.
   - Quarterly reports that contain financial information, in addition to the board's report on the bank shares dealings and its financial position during the year.
   - The bank's website.
   - Shareholders' relations section.
8. Develop a mechanism for receiving complaints and proposals submitted by the shareholders, including their proposals to include specific topics on the agenda of the meeting of the General Assembly and take appropriate decision thereon.
9. Establish a mechanism to allow shareholders holding at least 5% of the shares to add items on the agenda of the Ordinary General Assembly before sending it to the shareholders.

VI BoD duties in the Area of Internal and External Audit:

1. Adopting the necessary procedures to enhance internal audit effectiveness through: displaying the due importance of the audit process, consolidating it in the Bank and following-up the corrective measures as per the audit notes.
2. Ensuring that the Internal Audit Department is able to carry out its tasks, it has the qualified staff and be certain to provide the Department constantly with appropriate and trained employees.
3. Ensuring and enhancing the principle of internal auditors' independence, placing them at adequate level in JKB's organization structure, ensuring they have access to all records and information and the ability to contact any JKB employee, so that they are able to fulfill the tasks entrusted to them and prepare their reports without any external interference.
4. Adopting an internal audit code which includes duties, authorities and responsibilities of the Audit Department and to be circulated within the Bank.
5. Adopting systems of internal control and monitoring. BoD is to ensure that the internal and external auditors review the structure of these systems once a year at least. BoD should furnish JKB annual report with information confirming the adequacy of these systems.
6. Verifying that the Internal Audit Department is subject to the direct supervision of the Board Audit Committee, and it reports directly to the Chairman of the Audit Committee.
7. Ensuring the external auditor's independence at all times.
8. Ensuring a regular rotation of the external auditor among audit offices and its subsidiaries and allied companies each seven years at maximum, the seven year period at starting the implementation shall be calculated as of the year 2010.

   The first year (at circulation) for the new office shall be performed jointly with the old office. It is not permissible to re-elect the old office again before at least two years have elapsed from the date of its last election at the bank, excluding to the joint audit mission.

VII BoD Duties in the Area of Compliance:

1. Approving a policy to ensure JKB compliance by all relevant laws, and reviewing this policy on a regular basis and verifying that it is implemented.
2. Approving the duties and responsibilities of Compliance Control Department.
3. Ensuring Compliance Control Department independence and providing it constantly with qualified and trained staff.

VIII BoD Duties in the Area of Risks:

1. Prior approving any expa n sion in JKB activities, BoD should take into account related risks and competences and qualificati o ns of Risk Management Department staff.
2. Approving a strategy for risk management and monitoring its implementation. Such a strategy should include the acceptable leve l of risk, and ensure not exposing the Bank to high risks. BOD should be, acquainted with JKB operational environment and risks associated with it. BoD should ensure that JKB has the tools and infrastru c ture designated for risk management that are able to identify, measure, control and monitor all types of risk faced by the Bank.

3. Approving an Internal Capital Adequacy Assessment Process. Such a process should be comprehensive, effective and able to identify all risks that JKB may encounter, and that it takes into consideration JKB strategic plan and capital plan. BoD should review this process regularly, verify its implementation, and validate that JKB maintains adequate capital to encounter all risks it may face.
4. Approving JKB acceptable risk document.
5. Verifying that violations on acceptable levels of risk are addressed, including holding the senior executive management accountable for such violations.
6. Ensuring that the Risk Management Department conducts stress testing periodically to measure JKB ability to withstand the shocks and cope with high risks. BoD should play a key role in approving assumptions and scenarios used and discuss the tests results, as well as approving actions to be taken based on these results.
7. Ensuring Risk Management Department independence through submitting its reports to the Risk Management Committee, and granting the Department the necessary powers to be able to obtain information from other JKB departments and to cooperate with other committees to carry out their duties.

Duties of the Chairman of the Board

1. To establish a constructive relationship between BoD and JKB executive management.
2. To promote the culture of constructive criticism on issues discussed in general and issues were members have various views regarding them, and to encourage debate and vote on those issues.
3. To ensure that all BoD members receive and sign the minutes of previous meetings, and that they receive the agenda of any meeting in advance providing that the agenda includes sufficient written information about topics that will be discussed at the meeting. The Secretary of the Board shall deliver the meeting agenda.
4. To ensure the existence of the code that regulates and sets out BoD scope of work.
5. To discuss the strategic and significant issues in BoD meetings extensively.
6. To provide each BoD member upon being elected with the provisions of laws related to banks activities and the Central Bank instructions related to the work of BoD, including corporate governance instructions, the booklet which explains the member's rights, responsibilities and duties, and duties of the BoD Secretary.
7. To provide each member with a sufficient summary of JKB businesses upon appointment or upon request.
8. To discuss with any new member, with the assistance of JKB legal adviser, BoD duties and responsibilities, particularly the legal and regulatory requirements. This is to be done to clarify the duties, powers and other issues related to BoD membership, including the membership term, dates of meetings, committees' duties, rewards, and the possibility to seek an independent specialized technical advice, if required.
9. To meet the BoD members' needs regarding the development of their experience and their continuous learning. Chairman may allow the new member to attend orientation program taking in consideration the member's banking background. The program must cover the following topics as a minimum:

   a. The Bank's organizational structure, corporate governance and the Code of Professional Conduct.

   b. Institutional objectives and the Bank's strategic plan and its approved policies.

   c. Financial conditions of the Bank

   d. The Bank's risk structure and risk management framework.

10. To address an invitation to the Central Bank to nominate a representative to attend the General Assembly meetings prior enough time.
11. To provide the Central Bank with the minutes of meetings of the General Assembly no later than five days as of the date of the Companies' Controller or his/her representative endorsement of the minutes of meeting.
12. To ensure informing the Central Bank of any material information that could adversely affect the relevance of any members of BoD or executive management.

Duties of BoD Member

1. To have knowledge of laws and principles of JKB banking and operational environment, cope with developments taking place, besides the external developments related to its business, including appointment requirements of JKB senior executive management.
2. To attend BoD and its committees meetings, as needed, and the General Assembly meetings.
3. Not to disclose any JKB confidential information or using them for their or others interest.
4. To give the priority for JKB interests in all transactions with any other company in which he has a personal interest, not to take JKB business opportunities to his own advantage, and to avoid conflict of interest.
5. Disclose to the board in detail of any conflict in interests in case they existed, committing not to attend or participate in the decision taken in the meeting in which this issue is deliberated, and to record this disclosure in the board's minutes of meeting.
6. Allocate sufficient time to carry out his duties as a member of the Board of Directors

The Board Secretary

1. To attend all BoD meetings, record all the deliberations, suggestions, objections, reservations and vote processes on BoD draft decisions.
2. To determine dates of BoD meetings in coordination with the Chairman.
3. To ensure that BoD members sign the minutes of meetings and decisions.
4. To follow up the implementation of BoD decisions and to follow-up any pending issues from the previous meeting.
5. To keep records and documents of BoD meetings.
6. To take the necessary measures to ensure that draft decisions planned to be issued by BoD comply with relevant laws.
7. To prepare for the General Assembly meetings and to cooperate with the BoD committees.
8. To provide the Central Bank with the relevance declarations signed by BoD members.

BoD Meetings

a. BoD shall convene at a written notice of the Chairman, or Vice-Chairman if he/she is absent, or upon a written notice submitted by a quarter of its members to the Chairman justifying the grounds for such a meeting. If the Chairman or Vice- Chairman do not call for a meeting within seven days effective as of the date of receipt of notice, members who submitted the notice shall have the right to call BoD to convene.

b. BoD shall convene with the presence of an absolute majority of members at JKB head office or in any other place within the territories of the Kingdom if it is impossible to hold it at JKB head office. BoD decisions shall be issued with absolute majority of members who attend the meeting. If votes are equal, the chairman of the meeting shall be deemed a casting vote.

c. Members of the Board must attend the meetings of the Board in person. In the event of inability to personally attend, the Board member may present his or her opinion through video or telephone after the approval of the Chairman of the Board, without the right to vote or to sign the minutes of the meeting.

d. Voting on BoD decisions shall be in person and carried out by the persons themselves and it could not be by proxy, by correspondence or in any other indirect means.

e. BoD meetings shall be held six times at least per a fiscal year. There should be a meeting for the BoD every two months.

f. The Board of Directors shall appoint a Secretary to record minutes of Board meetings and resolutions in a precise and complete manner and to record any reservations raised by any member. The Bank shall keep all such records appropriately.

g. Prior BoD meeting, the senior executive management should provide BoD members with complete and accurate information and the Chairman should ensure doing so.

Responsibility and Accountability Limits

- BoD adopts clear boundaries of responsibility, accountability and commitment and to abide by them at all levels of management in JKB.
- Take the necessary steps to create a clear separation between the authorities of the shareholders who own an influential interest on one side, and the executive management on the other, for the purpose of reinforcing proper Corporate Governance, and hence, create adequate mechanisms to reduce the effect of shareholders who own influential interest, through the following, as an example:
  - That none of the shareholders who own influential interest occupies any position in the executive management.
  - That the top executive management derives its authority from the board only, and work within the mandate granted to it by the board.
- BoD should ensure that JKB organizational structure plainly reflects the lines of responsibility and authority, and that it includes the necessary regulatory levels under the laws and regulations in force.
- Ensure that senior executive management performs their responsibilities related to the management of JKB daily operations, they contribute to the implementation of corporate governance at the Bank, they delegate powers to the staff, they establish an effective management structure that will give a boost to accountability and they carry out tasks in various areas and the activities of JKB businesses in a manner that is consistent with the policies and procedures approved by BoD.
- BoD approves the appropriate controls which enable them to hold the senior executive management accountable for their actions.
- In addition to what is stated in laws, the General Manager shall act as follows:

  1. Develop JKB strategic direction
  2. Implement JKB strategies and policies
  3. Execute BoD decisions
  4. Provide guidance to implement short and long term action plans.
  5. Deliver JKB vision, mission and strategy to the staff.

6. Inform BoD by all the significant aspects of JKB operations.

7. Manage JKB day-to-day operations.

The Board Committees

- To further organize the work of BoD and increase its efficiency and effectiveness, BoD forms various committees from its members, delegate certain powers and responsibilities to them and name their chairmen.
- The committees must submit periodical reports to the Board as stipulated in their charters. The existence of these committees does not absolve BoD to assume direct responsibility for all matters relating to JKB.
- Any member of the Board shall not serve as chairperson of more than one of the following committees (Audit, Risk & Compliance, Nomination & Remuneration, and Corporate Governance). He is also prohibited from serving as chairperson of more than two committees of all Board committees.
- Board committees have the following authorities:
  - Request any data or information from bank staff who must cooperate to provide this data in a complete and accurate manner.
  - Request legal, financial, administrative or technical advice from any external consultant.
  - Request the presence of any bank employee to provide any necessary clarifications.
- The members of committees emanating from the Board of Directors may vote on the decisions of the committees which have been fully attended through the video or telephone because of inability to attend in person due to an acceptable reason to the Board of Directors, and sign of the minutes of the meetings of these committees provided it is duly documented. The members attending the meeting in person should not be less than two thirds of the members of the committee, and that the personal attendance of the member shall not be less than (50%) of the meetings of the committee held within one year.

A .Board Audit Committee:

Committee's Role:

The Board Audit Committee is tasked to carry out the following, in addition to other relevant functions stated in its Charter. The Charter stipulates the right of the committee to get any information from the executive management and its right to call any administrator to attend its meetings. The Audit committee's tasks may not be merged with the tasks of any other committee.

1. The Committee shall review:
   a. The scope, results and the adequacy of JKB internal and external audit
   b. Accounting issues that have a significant impact on JKB financial statements
   c. JKB internal control and monitoring systems.
2. Provide recommendations to BoD regarding the external auditor's appointment, termination, fees and any other related contracting terms, taking into account any other tasks entrusted to them which lie outside the scope of the audit.
3. Verify the independence of the external auditor annually.
4. The Committee shall enjoy the power to obtain any information from the executive management, and has the right to call any administrative officer to attend any of its meetings, if so is stipulated in the committee's charter.
5. Meet with the external and internal auditors and compliance officer once at least annually without the attendance of any of the senior executive management members.

6. Review and monitor procedures that enable the employee to report confidentially any mistake in financial reports or any other matters. The Board Audit Committee shall ensure implementing the necessary arrangements for carrying out an independent investigation and follow the results of the investigation and treat them objectively.
7. Verify that the internal audit staff is rotated to audit JKB various activities every three years at minimum.
8. Verify not to task internal audit staff with any executive duties.
9. Verify that all JKB activities, including outsourced activities assigned to third parties, are subject to audit.
10. The Board Audit Committee shall exercise the role entrusted to it under the Banks Law and other relevant laws. This should include particularly the following:
    - Review and approval of the internal audit plan which includes audit scope and frequency.
    - Ensure that the executive management takes the corrective actions on a timely manner regarding weaknesses in the internal control, and cases of non-compliance with policies, laws and regulations, and other remarks identified by the internal audit.
    - Ensure that JKB is implementing the international accounting and audit standards accurately.
    - Review observations stated in the regulatory authorities and external auditor reports and follow-up the correction procedures.
    - Review JKB financial statements prior submitting them to BoD, particularly to verify regulatory authorities' orders on capital adequacy, adequacy of provisions taken against the bad debts and all other provisions and to express their opinion in JKB non-performing debts or debts proposed to be deemed as bad debts.
    - Ensure that the laws and regulations governing JKB work.
    - The Head of Internal Audit Department may attend the Committee meetings, and the Committee may invite any person to seek their opinion on a particular issue.
11. Appraise the Head and staff of Internal Audit Department performance and determine their remunerations.

Formation of the Committee and the periodicity and quorum of its meetings:

- The Committee shall be formed and its chairperson appointed by a decision of the Board of Directors. It shall consist, at least, of three members, the majority of them including the Chairperson shall be independent, , provided that the chairperson is not the Chairman of the Board or the chairperson of any other committee emanating from the Board.
- All members of the Committee should hold academic qualifications and enjoy appropriate practical expertise in areas of accounting, finance or any other disciplines or areas related to JKB's areas of business.
- The Audit Committee shall meet at the invitation of its Chairperson at least once every three months, or whenever the need arises, or based on the decision of the Board of Directors, or on the request of two of its members, and submits its reports to the Board of Directors. The meeting shall be considered valid if attended by at least two members and its recommendations will be taken by majority vote. The Committee shall maintain documented minutes of meetings.

B. Board Risk Committee:

Committee's Role:

The Board Risk is tasked to carry out the following below stated duties at least, in addition to other relevant duties stated in its Charter:

1. Review JKB risk management framework.
2. Review JKB risk management strategy prior to BOD approval.
3. Cope with the developments affecting JKB risk management, and submit periodic reports to BoD.
4. Verify that there is no discrepancy between the actual risks that JKB takes and the level of acceptable risk approved by BoD.
5. Establish appropriate conditions that ensure the identification of fundamental impact of risks and any other activities carried out by JKB which may expose the Bank to higher risks than the acceptable level, report that to BoD and follow-up corrective measures.

Formation of the Committee and the periodicity and quorum of its meetings:

- The Committee shall be formed and its chairperson appointed by a decision of the Board of Directors. It shall comprise of three members at least, one of whom shall be independent and the chairperson of the committee. The Committee membership may include members of the executive management. The committee may invite management representatives or other experts and specialists to attend its meetings.
- The Committee shall meet at the invitation of its Chairperson at least once every three months, or whenever the need arises, or based on the decision of the Board of Directors, or on the request of two of its members, and submits its reports to the Board of Directors. The meeting shall be considered valid if attended by at least two members and its recommendations will be taken by majority vote. The Committee shall maintain documented minutes of meetings.

C. Board Nominations and Remuneration Committee:

Committee's Role:

Board Nominations and Remuneration Committee is tasked to carry out the following below stated duties at least, in addition to other relevant duties stated in its Charter:

1. Identify qualified persons to join BoD within the members' relevance policy approved by BoD taking into consideration the capabilities and qualifications of the persons nominated. In case of re-nominations, member's attendance and extent of participation in Board meetings should be taken into account.
2. Nominate to BoD qualified persons to join the executive management, in accordance with the requirements of the Executives employment policy.
3. Ensure BoD members joining workshops or seminars on banking topics, particularly risk management and corporate governance, and the latest developments in the banking business.
4. Determine whether the member meets the independent member criteria taking into account the minimum requirements stated in the laws and regulations in force, and verify the status annually.
5. Supervise the implementation of policies adopted by BoD regarding BoD and senior executive management performance appraisal, including the General Manager.

6. Provide information and summaries on some of the important topics of JKB to BoD members upon request, and ensure updating them constantly about the latest topics related to the banking business.
7. Ensure that the policy of granting remunerations to JKB administrative staff is in place, review it regularly and implement this policy. Also, provide recommendations regarding the General Manager and other members of the senior executive management salaries, remunerations and other privileges. The Internal Audit Department Manager and staff performance appraisal and remunerations are to be determined by the Board Audit Committee.
8. Evaluate the work of the board, its committees, and its members as a whole annually, and it shall inform the Central Bank and the Securities Commission with the result of this evaluation.
9. Set clear methodology to verify that board members allocate sufficient time to carry out their duties, including (for example) the multi commitment of the member to other boards/bodies memberships/ forums…etc.

Formation of the Committee and the periodicity and quorum of its meetings:

- The Committee shall be formed and its Chairperson appointed by a decision of the Board of Directors. It shall comprise of three members at the least, the majority of whom are independent including the Chairperson. The Committee may invite members of the executive management or other specialized persons to attend its meetings.
- The Committee shall meet at the invitation of its Chairperson at least twice a year, or whenever the need arises, or based on the decision of the Board of Directors, or on the request of two of its members, and submits its reports to the Board of Directors. The meeting shall be considered valid if attended by at least two members and its recommendations will be taken by majority vote. The Committee shall maintain documented minutes of meetings.

D. Board Corporate Governance Committee:

Committee's Role:

1. In addition to their duties delegated by BoD, Board Corporate Governance Committee is in charge of directing and supervising the processes of preparing the Corporate Governance Manual, its update and implementation monitoring. The committee is also tasked to perform the following:
   - Ensure that JKB organizational structure serves the requirements of corporate governance.
   - Ensure commitment to the adopted JKB Code of Ethics at the level of BoD and all administrative levels in the Bank.
   - Formulate written procedures for the implementation of the Corporate Governance Guidelines of the listed companies issued by the Securities Commission and to ensure the Bank's compliance with these instructions and to study the comments of the Commission on its application and follow up on what has been done.
2. Prepare the Governance Report and submit it to the Board of Directors.

Formation of the Committee and the periodicity and quorum of its meetings:

- The Committee shall be formed and its Chairperson appointed by a decision of the Board of Directors. It shall comprise of three BOD members at least, the majority of whom are independent and should include the Chairman of the Board. The Committee may invite members or representatives of the management or other experts and specialists to attend its meetings.
- The Committee shall meet at the invitation of its Chairperson at least twice a year, or whenever the need arises, or based on the decision of the Board of Directors, or on the request of two of its members, and submits its reports to the Board of Directors. The meeting shall be considered valid if attended by a majority of its members and its recommendations will be taken by majority vote. The Committee shall maintain documented minutes of meetings.

E. Board Compliance Committee

Committee's Role:

The Board Compliance Committee is tasked to carry out the following below stated duties at least, in addition to other relevant duties stated in its Charter:

1. Recommend to the BoD to adopt governing compliance management policies, including compliance policy, anti-money laundering policy, international sanctions policy, bribery policy, combatting fraud and any other policy related to compliance management, and periodically reviewing these policies and commitment to their application.
2. Assess the degree of effectiveness with which the Bank manages the risk of non-compliance at least once a year and review it should amendments have been made.
3. Adopt the organizational structure of the Compliance Control Department and ensuring its independence, in order to ensure the compliance control function is separate from the Bank's other departments.
4. Ensure that an annual non-compliance risk management plan is in place that takes into account any shortcomings of policies, procedures or their application, and that they are associated with the efficiency of the existing compliance risk management and identifies the need for any policies or procedures to deal with new non-compliance risks that arise during the annual risk assessment.
5. Review the reports that include compliance control tests results, including assessments of non-compliance risks, infractions and deficiencies detected and the remedial actions taken.

Formation of the Committee and the periodicity and quorum of its meetings:

- The Committee shall be formed and its Chairperson appointed by a decision of the Board of Directors. It shall comprise of three Board members at least, the majority of whom are independent. The Committee may invite members or representatives of the management or other experts and specialists to attend its meetings.
- The Committee shall meet at the invitation of its Chairperson at least once every 3 months a year, or whenever the need arises, or based on the decision of the Board of Directors, or on the request of two of its members, and submits its reports to the Board of Directors. The meeting shall be considered valid if attended by a majority of its members and its recommendations will be taken by majority vote. The Committee shall maintain documented minutes of meetings.

F. Board Credit Committee:

Committee's Role:

1. Grant, modify, renew and restructure of credit facilities that exceed the authorities of the Management Credit Committee, headed by the General Manager, within the limits set by the Board of Directors. The Board of Directors shall take the decisions in matters exceeding the Committee's authorities.
2. The Committee's authority is limited to taking the right decision regarding the facilities that have been recommended for approval by the Management Credit Committee.
3. The Board of Directors may delegate to the Management Credit Committee some or all of this Committee's authorities; in respect of modifying the terms or restructuring of facilities with the need to keep the Board Credit Committee informed of the decisions taken under these authorities.
4. The Committee's authority shall not include the following:
   a. Granting credit facilities to members of the Board of Directors.
   b. Writing-off debts.
5. Submit to the Board periodically details of the credit facilities that have been approved by the committee.
6. The Committee's decisions are considered valid by the presence and personal voting of its members, if a member is unable to attend, he may express his opinion through telephone or video, and has the right to vote and sign the minutes of the meeting that have to be duly documented.
7. The work of this committee shall be evaluated by the Board of Directors.

Formation of the Committee and the periodicity and quorum of its meetings:

- The Committee shall be formed and its Chairperson appointed by a decision of the Board of Directors. It shall comprise of at least five Board members, one of whom may be independent but not a member of the Audit Committee. The meeting shall be considered valid if attended by at least four members, and decisions are taken by majority of its members regardless of the number of attendees. If the votes are equal, the side to which the Committee Chairperson votes will outweigh.
- The Committee may invite members or representatives of the management or other experts and specialists to attend its meetings.
- The Committee meets once every week and maintains documented minutes of meetings.
- The General Manager is the Secretary of the Committee.

G. Board Management and Investment Committee:

Committee's Role:

1. Management issues:
   - Approve requests for administrative expenses, procurement contracts, bids, supplies, donations, and generally all commitments and contracts in excess of the powers entrusted to the senior executive management as identified within the Authority matrix and powers endorsed by the Board of Directors.
   - Approve requests/offers for the sale of Bank owned properties beyond the limits entrusted to the Senior Executive Management as stipulated in the approved Authority matrix.

- Approve Bank owned real estates' pricing annually or when required.

2. Investment issues:
   - Approve proposals and requests submitted by the Management Investment Committee on matters beyond its authority as stipulated in the approved authority matrix annexed to the approved investment policy. This includes the following:
     - Bank investments in Jordanian dinar in money market and capital market instruments.
     - The Bank's investments in foreign currencies in money market, capital market tools and currency exchange operations.
   - The Board of Directors shall decide on any of the items listed above if they exceed the authority of the Committee, The Committee submits periodic reports to the Board on the details of the items and processes it has approved.

Formation of the Committee and the periodicity and quorum of its meetings:

- The Committee shall be formed and its Chairperson appointed by a decision of the Board of Directors. It shall comprise of at least five Board members, one of whom may be independent but not a member of the Audit Committee. The meeting shall be considered valid if attended by at least three members including its Chairperson.
- Decisions are taken by majority of its members present, if the votes are equal, the side to which the Committee Chairperson votes will outweigh. The Committee may invite members or representatives of the management or other experts and specialists to attend its meetings.
- The Committee meets once every two weeks and whenever necessary and shall maintain documented minutes of meetings.
- The General Manager is the Secretary of the Committee.

H. Information Technology Governance Committee

Committee's Role:

The Committee shall undertake the following tasks guided by the Governance and Management of Information Technology and its accompanying Instructions No. 652016/ dated 252016/10/ issued by CBJ:

1. Approve the Information Technology strategic objectives and appropriate organizational structures, including Steering Committees at Executive Management Level, particularly (The Information Technology Steering Committee), ensuring the achievement of the Bank's strategic objectives, and realizing the best value-added of projects and investments in Information Technology while utilizing the tools and standards to monitor and ascertain the extent of achievement, such as using the IT Balanced Scorecard system, and calculating the rate of return on investment (ROI) and measuring the investment impact on financial and operational efficiency.
2. Approve the general framework for the control and monitoring of resources and projects, that corresponds to best accepted international practices in this regard, particularly (COBIT) (Control Objectives for Information and related Technology), complying with and facilitating the achievement of objectives and regulations, through the sustainable achievement of corporate objectives, and achieve the information objectives' chart and its associated technology and cover IT governance operations

3. Approve the corporate objectives chart, and its associated Information Technology objectives, considering its legibility as minimum, and define the sub-objectives needed for its achievement.
4. Approve the responsibility chart (RACI Chart) towards the major operations of IT governance and its emanating sub-operations i.e.: The party or parties or the person primarily responsible (Responsible), and those finally responsible (Accountable), and those consulted (Consulted), and those to be informed (informed) towards all operations guided by the standard (COBIT 5 Enabling processes) in this regard.
5. Ensure the existence of a general IT Risk Management Framework that complies and integrates with the Bank's general comprehensive Risk Management Framework, and takes into account all IT governance operations.
6. Approve an information technology resources and projects budget in line with the Bank's strategic objectives.
7. Oversee and be acquainted of the progress of information technology operations, resources and projects to ensure its adequacy and its effective contribution in achieving the Bank's business and its requirements
8. Be acquainted of the audit reports on information technology and taking the necessary action to correct deviations.
9. Recommend to the Board of Directors to take the necessary measurements to correct any deviations.

Formation of the Committee and the periodicity and quorum of its meetings:

- The Committee shall be formed and its Chairperson appointed by a decision of the Board of Directors, and the Board determines its objectives and powers, to be demonstrated in its Charter.
- The Committee shall comprise of, at least, three Board members and preferably comprising persons with expertise or strategic knowledge in information technology. The committee, in coordination with the Chairman of the Board, may seek the assistance of external experts when necessary, at the expense of the Bank to make up the shortfall in this area and enhance substantive opinion. The Committee may invite any of the Bank's administrators to attend its meetings to express their opinion, including those involved in internal audit and senior executive management members (such as Information Technology Manager) or those involved in External auditing.
- The Committee shall elect one of its members to be an observer member in the Information Technology Steering Committee.
- The Committee shall submit periodic reports to the Board, the Board's mandate to the Committee does not relieve it from its responsibilities in this regard.
- The Committee shall meet at the invitation of its Chairperson at least once every three months, or whenever necessary, or in accordance with the decision of the Board of Directors, or the request of two of its members, and shall submit its reports to the Board of Directors. The meeting shall be considered valid if attended by the majority of its members and its recommendations will be taken by majority vote. The Committee shall maintain documented minutes of meetings.

Senior Executive Management

BoD approves the appointment of JKB Executive Management. BoD makes sure that members of the Executive Management possess the necessary expertise, competencies and integrity to manage JKB businesses and affairs in a manner consistent with the standards of professional conduct, particularly supervising the JKB management, enjoying the appropriate competences to oversee key individuals associated with the Bank operations. JKB develops a policy to manage and fill top executive jobs to meet laws and regulations requirements in force and the aspirations of JKB.

The Executive Management implements the principles of corporate governance in JKB and provides adequate control over the activities they manage

In this context, the Executive Management identifies the staff tasks accurately. They also propose the administrative structure which is meant to promote the concept of accountability and transparency. The Executive Management is to supervise the fulfillment of the specific responsibilities/ powers and they will be responsible for JKB performance.

Administrators' Performance Appraisal

JKB develops policies of performance appraisal which ensure the participation of all those involved in managing JKB businesses to achieve the Bank objectives through carrying out tasks, objectives and obligations assigned to each one of them within a framework of fair competition based on the culture of excellence in performance.

- Performance Appraisal Policy for BoD and its members

- Performance Appraisal Policy for holders of senior positions and accountability

- Performance Appraisal Policy for other JKB staff members.

All the aforementioned policies are based on the latest international practices which are meant to objectively measure of performance, take into account risk aversion and the provisions of laws and regulations in force.

Internal Control and Audit Systems

The Board and the Executive Management of JKB are in charge of developing, implementing and maintaining internal control and audit systems that are able to ensure and achieve the following:

- Accurate and integral financial and operational data issued by JKB.
- Efficient and effective performance of JKB operational processes.
- Effective protection procedures of JKB assets and property.
- Compliance with work policies and internal procedures, laws and regulations in force.

This is based on BoD belief in the importance of effective internal control and audit system as it is one of the most important elements of good management and the basis for the soundness and quality of JKB operations. JKB adopted a number of internal control and audit systems which the senior executive management is responsible to set up, follow-up its development and update them. JKB management is constantly monitoring and assessing the efficiency and effectiveness of these systems, their ability to achieve the desired goals and strive to enhance them. Supervisory departments make sure that transactions with stakeholders are conducted in accordance with the adopted policies and procedures.

BoD adopts control and audit policy addressing all aspects of the internal control systems in terms of their definition, components and BoD and senior executive management responsibilities.

To ensure JKB supervisory departments independence and that they fulfil their supervisory roles they tasked to carry out, their reports are to be submitted to BoD committees. BoD committees appraise the performance of the holders of senior positions at supervisory departments under the Performance Appraisal Policy for holders of senior positions adopted by BoD.

JKB Supervisory Departments

Internal Audit Department: This department is tasked to review commitment with the Corporate Governance Manual, verify of compliance with JKB policies, procedures, international standards and laws related to JKB activities, verify the existence and compliance with internal control and audit systems quite enough to encompass JKB activities and its subsidiaries, carry out financial and managerial auditing, review the soundness and comprehensiveness of the Stress Testing and ensure the accuracy of the internal capital adequacy assessment process (ICAAP(.

Internal Audit Department submits its reports to the Board Audit Committee and to the General Manager simultaneously.

Risk Management Department: This department is tasked to monitor risks in JKB at all levels and market and operational areas, information risks, credit risks and business continuity, and monitor JKB departments compliance with the identified levels of risk in accordance with the best international standards. Risk Management Department submits its reports to the Board Risks and Compliance Committee. The tasks of the risk management department shall be as follows as a minimum:

1. Review the Banks' risk management framework before it is approved by the board.
2. Implement the risk management strategy in addition to developing work policies and measures to manage all types of risks.
3. Develop methodologies to identify, measure, monitor, and control all types of risks.
4. Submit reports to the board through the risk management committee, with a copy to the senior executive management, which include information about the actual risk profile for all the bank's activities, compared to risk appetite document, while continuing to address negative deviations.
5. Verify the integration of risk measurement mechanisms with the management information systems used.
6. Study and evaluate all types of risks faced by the Bank.
7. Submit recommendations to the risk management committee about the bank's exposure to risks, recording cases of exemption from the risk management policy.
8. Provide the necessary information regarding the Bank risks, to be used for disclosure purposes.

Compliance Control Department: This department is tasked to verify compliance with local and international laws and regulations governing JKB businesses. Compliance Department submits its reports the Board Risks and Compliance Committee and copy of the same to the General Manager. It is also tasked to monitor and combat money laundry. Moreover, it is tasked to manage Customers Complaints Unit within a framework approved by BoD as per the supervisory instructions.

All the aforementioned departments should develop their own charters to be approved by BoD.

Business Ethics Code

JKB adopted a code of business ethics which was approved by BoD and pledged to abide by all JKB staff in their respective administrative levels, in addition to the BoD members.

This code identified JKB staff's ethics, values and principles through four main themes, namely:

- Integrity.
- Compliance with the laws.
- Transparency.
- Loyalty to the bank.

As for integrity, the code included that JKB employees are committed to the following:

- Depositors' funds are a trust and responsibility which should be kept safe.
- Personal interest should not conflict with JKB interests.
- Not to use inside information to serve personal interests.
- Maintaining objective and non- bias personal relationships.
- Avoiding business relations with customers and suppliers.
- No-discrimination whatsoever among customers.
- Refrain from accepting gifts, benefits and invitations.

As for compliance with the laws and regulations, employees should abide by bank secrecy and JKB policies and work manuals. Also, they should pay more attention for combating money laundering, not to issue bad cheques and to abide by the management's decisions.

Concerning transparency, JKB employees should be committed to provide authorized accurate figures, data and reports, and that the data is accurate, adequate, timely and in line with the standards. Additionally, employees should disclose their personal interest and soundness of their financial standing and their personal business activities, and to disclose any violations and damages.

Regarding loyalty to JKB, this could be realized through achieving JKB mission, vision, objectives and role, transferring JKB slogan into a tangible reality, besides achieving customer satisfaction and retain them, being positive, excellent, responsible, enjoying qualities and efficiency, then accuracy and continuous learning, keeping up with working hours, adapting to work stress with the spirit of teamwork, paying attention to appearance, conduct and good handling of situations, being keen to maintain JKB reputation and achievements, maintaining JKB assets and its appearance, not to disclose work secrets, taking permission of the administration to make any statement related to JKB via any means of media.

The relevant standards and policies are published through JKB website. The level of adherence to those standards and policies should be identified in the Corporate Governance Report included in JKB annual report.

Conflict of Interest

JKB shall have written policies on conflict of interest covering its definition, independent execution, and disclosure; whether such conflict is between the Board members and JKB or between the Executive Management and JKB.

Conflict of interest policy shall cover various aspects related to this subject, such as:

- Board member shall avoid the activities which may lead to conflict of interest.
- BoD approval shall be obtained for any activity a Board member performs that may result in a conflict of interest and verify that the activity does not contain any conflict.
- Board member shall disclose any subject, which may lead to or has already led to a conflict of interest.
- Board member shall abstain from voting on any item of the agenda which might contain a conflict of interest for the member or has an effect on the objectivity of the vote.

- All transactions with related parties shall be based on equal basis and clear mechanism established for the Board to handle the case in the event of non-compliance with conflict of interest policy.
- The conflict of interest policy shall contain examples of cases where a conflict of interest may arise for a Board member.

Transactions with Stakeholders

- JKB shall have written policies on transactions with the related parties. These policies shall include rules and procedures for organizing transactions with such parties whether between JKB and its employees, JKB and its Board members or their companies, or parties related to them, including lending transactions and joint trading transactions with JKB.
- BoD shall ensure that the transactions with stakeholders are reviewed to assess their risks and are subjected to appropriate restrictions in place.

Whistle Blowing Policy

The Bank shall place policies and procedures to report on illicit acts/ Fraud- "Whistle Blowing Policy", including procedures enabling employees to contact the Chairman of the Board to communicate any concerns they might have on the possibility of violations or fraud, and in a way that allows independent investigation into these concerns and to follow-up them. These procedures shall ensure that JKB provides the required protection for these employees to assure them they will not be threatened or penalized even when there is nothing to prove their concerns.

JKB Governing Policies

Jordan Kuwait Bank regards providing written policies covering all the Bank's activities with high importance as these policies are adopted by the Board of Directors and circulated to all management levels as well as reviewing and updating them regularly to reflect any changes and amendments that occur to the laws, regulations, economic circumstances and any other matters related to the Bank.

Protecting Shareholders Rights and their Relations with the Bank

- BoD ensures the protection of shareholders' fundamental rights concerning the registration and transfer of ownership, participation in the General Assembly meetings, gaining profits and get information regularly on JKB.
- BoD shall encourage shareholders' active participation of in the General Assembly meetings; explaining voting procedures and rules, as well as inform them by the date and venue of the meeting along with the meeting agenda in sufficient time, in addition to inform shareholders by the General Assembly minutes of the meetings.
- JKB develops positive relations based on transparency with all shareholders. In this regard, the Bank saves no effort to encourage all shareholders, especially minority shareholders, to attend the annual meeting of the General Assembly and they are encouraged to vote. In addition, consideration is given to voting on each issue that is raised during the annual meeting of the General Assembly separately.
- The Chairmen of the various Board committees attend the annual General Assembly meeting.
- Following the General Assembly meeting, detailed report is prepared to inform shareholders of the various remarks and questions brought forth by the shareholders and management responses to them as well as the conclusions reached.
- Representatives of the External Auditors attend the annual General Assembly meeting to answer any questions that may be raised regarding audit and the auditors' report.

- Pursuant to the Companies Law, members of the Board of Directors are elected or re-elected during the annual General Assembly meeting. The external auditor is also elected during the same meeting.

Transparency and Disclosures

- JKB provides full information regarding its activities constantly and periodically to all stakeholders such as regulators, shareholders, depositors and the public in general; focusing on issues with material impact on the Bank.
- JKB is fully committed to the requirements of full disclosure according to the International Financial Reporting Standards (IFRS) and the disclosure instructions issued by the Central Bank and regulators.
- JKB follows up the various developments regarding the requirements of disclosure according to international standards, such that they are immediately reflected in its financial reports.
- JKB commits to providing permanent and professional communication lines with all relevant stakeholders such as regulators, shareholders, investors, depositors and other banks. To achieve this, JKB shall create a position of Investors Relation officer whose main task is to provide full and objective information regarding the Bank's financial and administrative standing as well as the Bank's various activities.
- JKB annual report shall contain all information related to the Bank in a manner that is transparent and objective.
- Publish periodic reports that contain quarterly financial information, in addition to a report from the BoD regarding the trading of the Bank's stocks and its financial standing during the year as well as periodic briefs by Executive Management for shareholders, financial market analysts and journalists specialized in the financial sector.
- Hold periodic meetings between the Bank's Executive Management and investors and shareholders.
- JKB provides the information available in its annual or periodic reports on the Bank's website in both the Arabic and English languages, where information is updated constantly.
- The reports that JKB presents must contain disclosure from the Executive Management about the results of current and future operations, the financial standing of the Bank and any future results of risk that might affect the general financial standing of the Bank.

Branches & ATMS
Directory

Amman Branches

Abdali Branch
Tel. 5653491 – Fax 5662374

Abdali Mall Branch
Tel. 5629415 – Fax 5629416

Abdoun Branch
Tel. 5924208 – Fax 5924194

Abu-Alanda Branch
Tel. 4162756 – Fax 4161841

Abu Hassan Mall Branch
Tel. 4164585 – Fax 4164590

Abu-Nsair Branch
Tel. 5235223 – Fax 5235226

Al-Mougablain Branch
Tel. 4203723 – Fax 4203715

Al-Rabiyah Branch
Tel. 5511428 – Fax 5511479

Al-Rawnaq Branch
Tel. 5850392 - Fax 5850327

Amra Branch
Tel. 5535292 – Fax 5516561

City Mall Branch
Tel. 5824318 – Fax 5825426

Commercial Center Branch
Tel. 4624312 – Fax 4611381

Dabouq Branch
Tel. 5411580 – Fax 5521337

Dair Ghbar Branch
Tel. 5853681 – Fax 5853705

Dome of the Rock Branch
Tel. 4386847 – Fax 4386830

Galleria Mall Branch
Tel. 064017871 – Fax 064017872

Ibn Khaldoun Branch
Tel. 4613902 – Fax 4613901

Jabal Al-Hussein Branch
Tel. 5658662 – Fax 5658663

Jabal Amman Branch
Tel. 4641317– Fax 4611391

Jubaiha Branch
Tel. 5346763 – Fax 5346761

Khalda Branch
Tel. 5370835 - Fax 5370925

King Abdullah Bureau Branch
Tel. 4626988 – Fax 4626995

Madinah Munawarah St. Branch
Tel. 5533561 – Fax 5533560

Madinah Riyadiyah Branch
Tel. 5161938 - Fax 5162358

Main Branch
Tel. 5629400 – Fax 5694105

Marj El-Hamam Branch
Tel. 5731056 – Fax 5716832

Marka Branch
Tel. 4889531 – Fax 4889530

Mecca Mall Branch
Tel. 5517967 – Fax 5517836

Mecca St. Branch
Tel. 5532651 - Fax 5532152

Nazzal Branch
Tel. 4383906 – Fax 4383905

Northern Hashmi Branch
Tel. 5051845 – Fax 5052460

Petra University Branch
Tel. 5714365 – Fax 5713079

Shmeissani Branch
Tel. 5685403 – Fax 5685358

Southern Sweileh Branch
Tel. 5356259 – Fax 5356830

Sweifiyyah Branch
Tel. 5851028 – Fax 5851931

Tabarbour Branch
Tel. 5065685 – Fax 5065162

Taj Lifestyle Branch
Tel. 5936901 – Fax 5936903

Tla' El'Ali Branch
Tel. 5532168 – Fax 5518451

Vegetable Market Branch
Tel. 4127588 – Fax 4127593

Wadi El-Seir Branch
Tel. 5858864 – Fax 5810102

Wadi Saqra Branch
Tel. 5679174 – Fax 5679146

Wehdat Branch
Tel. 4777174 – Fax 4750220

Yarmouk Branch
Tel. 4779102 – Fax 4750230

Zahran Branch
Tel. 4611838 – Fax 4612110

Zain Branch
Tel. 5810734 - Fax 5810927

Middle Region Branches

Al- Ahliyyah Amman University Branch
Tel. 05/3500195 – Fax 05/3500048

Al-Salt Branch
Tel. 05/3558995 – Fax 05/3558994

Baq'ah Branch
Tel. 4725090 – Fax 4726101

Branch
Tel. 05/3253568 – Fax 05/3253569

Samarah Mall Branch – Dead Sea
Tel. 05/3561243 – Fax 05/3561244

North Region Branches

Al-Huson Branch
Tel. 02/7020035 – Fax 02/7022198

Al-Mafraq Branch
Tel. 02/6235901 – Fax 02/6235902

Irbid Branch
Tel. 02/7243665 – Fax 02/7247880

Jerash Branch
Tel. 02/6340914 – Fax 02/6340921

King Abdallah II St. Branch
Tel. 02/7248496 – Fax 02/7248498

Yarmouk University Branch
Tel. 02/7255215 – Fax 02/7255315

South Region Branches

Aqaba Branch
Tel. 03/2015188 – Fax 03/2016188

Karak Branch
Tel. 03/2396102 – Fax 03/2396002

Zarqa Area Branches

King Hussein Bin Talal St. Branch
Tel. 05/3938470 – Fax 05/3938503

New Zarqa Branch
Tel. 05/3864556 – Fax 05/3864557

Russaifeh Branch
Tel. 05/3744151 – Fax 05/3744152

Zarqa Branch
Tel. 05/3983855 – Fax 05/3998677

Zarqa Free Zone Branch
Tel. 05/3826196 – Fax 05/3826195

Jawal Branch

Tel. 0791995682 – Fax 0790524103

Branches outside Jordan

Cyprus Branch
Tel. +357 25 875555 – Fax +357 25 582339

ATM Locations – Jordan

Amman

- Abdali Boulevard
- Abdali Medical Center
- Al-Baraka Mall
- Arab Orient Insurance Co.
- Avenue Mall
- Carrefour – Abu Nsair
- Carrefour – Al- Nuzha
- Carrefour – Madinah Munawarah St.
- Centro Supermarket
- Cozmo Center
- Crowne Plaza Hotel
- Embassy of Kuwait
- Fairmont Hotel
- Head Office (Drive Thru ATM)
- Holiday Inn
- Isteklal Hospital
- Jabal Al-Weibdeh
- King Hussein Business Park
- Millennium Hotel
- Rainbow St.
- Rawhi Pharmacy – Abdoun
- Rawhi Pharmacy – Khalda
- Regency Hotel
- Safeway-Shmeissani
- Total Gas Station – Gardens
- Movenpick Hotel
- The National Center for Diabetes
- Andalucia Villas
- Al-Tajamoat Industrial City

Middle Region

- Al- Ahliyyah Amman University
- Crowne Plaza Hotel – Dead Sea
- Hilton – Dead Sea
- Holiday Inn – Dead Sea
- Kempinski Hotel - Dead Sea

North Region

- City Center – Irbid

South Region

- Kempinski Hotel - Aqaba

Zarqa Area

- Al-Manaseer Gas Station - Zarqa

Interactive Teller Machine (ITM) – Jordan

- Abdali Boulevard
- City Center – Irbid

P.O. Box 9776 Amman 11191
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Contact Center: 080022066 / +962-6-5200999
Email: info@jkbank.com.jo
www.jkb.com

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ISSUER

American Express Card

PRINCIPAL MEMBER, ISSUER & ACQUIRER

Visa International Service Association

MEMBER & SHAREHOLDER

Middle East Payment Services

MAIN AGENT