AJIB
Arab Jordan Investment Bank

ANNUAL REPORT 2020

Annual Report 2020

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Board of Directors

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Chairman of the Board

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Representative of Rawnaq Al Thiqa Company for Commercial Investments
Vice Chairman

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Member

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Member

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Member

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Member

Mr. Khaled Zakaria
Member

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Member

Mr. Kamal Al Fawaeer
Representative of First Bayraq Al Ordon Investments Company
Member

Mission Statement

To be recognized as the leading bank in Jordan and the region; in products, and in the use of technology, by being customer-focused, innovative and having customer-service excellence and highly skilled employees.

Chairman's Message

Dear Shareholders,

On behalf of the Arab Jordan Investment Bank (AJIB) Board of Directors and myself, I am delighted to present you with the bank's 42nd annual report, detailing our achievements and consolidated financial statements for 2020, as well as our strategic vision for 2021.

The developments during 2020 presented significant difficulties at the local, regional, and global levels, but the Arab Jordan Investment Bank continued to push forward with implementing its strategic plan, transforming challenges into opportunities, continuing along the same innovative path it has taken for over four decades. AJIB continues its forward movement based on its long-standing experience and exceptional capabilities, fulfilling its promise to achieve the best results for its shareholders, and provide the best banking services to its valued customers.

The coronavirus (COVID-19) pandemic caused the worst performance of the global economy in decades. By the end of 2020, the virus had infected more than 80 million people and caused the death of over 1.8 million people, leading to a deterioration in the living conditions of hundreds of millions. In 2020, the global economy shrank by 3.5%, after suffering from an unprecedented and shocking crisis that caused a state of extreme uncertainty, which was described by international financial institutions as the worst recession since the Great Depression in the 1920s, even surpassing the repercussions of the global financial crisis of 2008.

With heavy losses in lives and massive numbers of infections, countries all over the world resorted to isolation, total lockdowns, and closures on a large scale to protect lives, which had severe consequences on their economic activity. At the onset of the pandemic, commodity markets witnessed sharp fluctuations with a severe decline in demand and supply imbalances, as well as a shift in capital inflows directed towards safe assets and liquidations, which exacerbated financial tensions, increased unemployment rates and the risk of defaulting on payments.

However, more advanced economies were able to provide greater direct spending and liquidity support as a proportion of their GDP compared to other economies, which were already pressured by higher debt constraints and borrowing costs. The unprecedented financial measures taken by governments around the world, which are valued at $14 trillion, contributed to mitigating the repercussions of the crisis and preventing its devastating impact on the global economy, while simultaneously maintaining an accommodative fiscal policy and expanding the credit facilities needed to support recovery.

According to some estimates, the economy of the United States contracted by 3.5% in 2020. The Eurozone also recorded substantive declines in domestic production, with a reduction of 7.2%, with estimates of a decline in the German economy by 5.4%, the French by 9%, the Italian by 9.2% and the Spanish by 11%, while China witnessed a relative improvement in its industrial production indicators, which contributed to the recovery of global indicators. This was due to the increasing global demand for Chinese products, resulting in robust exports, which recorded a growth of 2.3% despite the continuation of the trade war between it and the United States.

As for emerging economies and developing countries, the outbreak of the pandemic and the damage to sectors including tourism, travel and transportation, as well as their dependence on external financing such as remittances from expatriates, along with lower oil and commodity prices drastically impacted their performances. Some countries, such as India, witnessed their worst economic performance ever, with a contraction of 8%.

At a regional level, declines in Middle East and Central Asia, as estimated by the International Monetary Fund, were about 2.4% in 2020, following a growth of 3.6% in 2019.

Arab countries also witnessed sharp declines in their economic performance in all sectors due to the direct impact of the pandemic and the consequent closures, with the industrial, trade, tourism and services sectors suffering the most. There was also a decline in remittances from expatriates and a decrease in demand, which affected the small and medium enterprises sector that contributes about half of their GDP and employs a third of the workforce. The Arab oil-exporting countries also bore 50% of the burden of the global reduction in oil supplies for the years 2020 and 2021, as stipulated in the framework of the OPEC + agreement.

At a local level, most of the national economic indicators reflected a decline in performance during 2020, due to the repercussions of the coronavirus pandemic, causing the Jordanian government to implement several defense law orders in order to mitigate these effects. These measures included postponing some public expenditures and some fees and taxes, as well as allowing payments in installments for the amounts owed by taxpayers in hard-hit sectors. The government also reduced the general sales tax on the hotel and tourism sector and introduced wide austerity measures to support public finances in light of the anticipated decline in public revenues as a result of closures that were imposed on both the public and private sectors in an attempt to stem the pandemic.

The economic decline in GDP in 2020 reached a level of 1.8%, compared to a growth of 2% in 2019, due to the increasing repercussions of the coronavirus pandemic, which began in mid-March 2020. The rate of contraction was lower than expected at the onset of the pandemic due to the continued high-level spending by the government and the significant decrease in imports, resulting from the decline in global oil prices since the beginning of the pandemic.

However, the rate of inflation increased during 2020 by 0.43%, compared to 0.8% during the same period in 2019.

In the labor market, the unemployment rate reached 24.7% in 2020, compared to 19% in 2019, in spite of the government issuing several defense orders relevant to the local labor market in order to ensure the continued employment of workers in an effort to limit the increase in the rate of unemployment.
The real-estate sector also continued declining, with the volume of trade in the market decreasing by 26%, recording JD3.418 billion in 2020, compared to JD4.632 billion in 2019.

At the Amman Stock Exchange, the total trading volume totaled JD1 billion, a decline of 33.9%, and the market value of the listed companies decreased by the end of 2020 by JD2 billion, or 13.5%, to reach JD12.9 billion.

In terms of foreign trade, national exports decreased during the first 11 months of 2020 by 0.1%, reaching JD4.538 billion, and the value of re-exported materials decreased by 33.9%, reaching JD532 million. Imports also decreased by 12.4% to reach JD10.96 billion as a result of the decline in global oil prices. Consequently, the deficit in the trade balance decreased by 17.8% to reach JD5.888 billion.

Income from the tourism sector also witnessed a decline by 75.7% in 2020, reaching JD1 billion. Remittances from Jordanians working abroad, for the same period, also fell by 9.1%, to reach JD2.39 billion.

As for public finance developments, during the first 11 months of 2020, public revenues recorded JD6.352 billion, a decrease of 3.3% compared to the same period of 2019, with JD712.2 million from foreign grants.

With regards to the total expenditures, during the first 11 months of 2020, these totaled JD8.12 billion, an increase of 3.4%. Accordingly, the fiscal deficit increased to JD1.767 billion or 37%. As for the balance of government debt, it amounted to JD32.887 billion, or 105% of GDP.

In light of these conditions, the Central Bank of Jordan (CBJ) continued implementing its policy geared towards achieving financial and monetary stability, and in March 2020, reduced interest rates on monetary policy tools twice, once on March 5, 2020, by 50 basis points and on all monetary policy instruments, and the second time on March 17, 2020, by 75 basis points on the overnight deposit window and 100 basis points on the rest of the instruments. This meant that the main interest rate of the Central Bank of Jordan decreased from 4% at the end of 2019, to 2.5% by the end of 2020.

The CBJ also launched several measures aimed at containing the effects of the coronavirus pandemic on the national economy, reducing the costs of financing and debt service on all economic activities, in addition to contributing to the promotion of the recovery of economic activity following the crisis. These measures included reducing the compulsory reserve on deposits with banks from 7% to 5% to secure additional liquidity to banks by JD550 million, and the execution of securities repurchase agreements (REPOs) with banks by JD850 million for up to one year. The CBJ also introduced a facilitated JD500 million financing program to support small and medium enterprises, with interest not exceeding 2% for customers.

The CBJ also recorded levels of foreign reserves, including gold, of $15.9 billion by the end of 2020, compared to $14.3 billion at the end of 2019, which is sufficient to cover the Kingdom's imports of goods and services for about 9.2 months.

AJIB was able to deal with the repercussions of the coronavirus pandemic by upgrading its operational efficiency, controlling expenses and maintaining high liquidity ratios. The bank also took the necessary measures to preserve the safety and health of its employees and customers, and redoubled its efforts in the field of social responsibility by actively participating in and donating to numerous national initiatives aimed at curbing the negative effects of the pandemic while protecting and maintaining the safety of the communities within which it operates.

In 2020, AJIB’s performance indicators were favorable, considering the difficult prevailing conditions as a result of the coronavirus pandemic, as well as the difficult political and economic conditions in the areas where the bank operates, the decline in global interest rates, and the decrease in most commercial activities. The bank’s operating profits increased by 18.4% to reach JD31 million, and to counter any negative consequences of the pandemic, the bank strengthened its general provisions until the end of 2020, resulting in pre-tax profits of JD17 million.

Customer deposits increased by 7.4% by the end of 2020, recording a total of JD1.216 billion, while direct credit facilities reached JD856.5 million, recording an increase of 3% compared to 2019.
The bank preserved the high quality of its credit portfolio and assets, with the ratio of non-performing loans to total facilities reaching 1.64% in 2020, compared with 1.49% in 2019, which is considered among the lowest in the Jordanian banking sector. In 2020, the capital adequacy ratio was 15.8% in compliance with Basel III instructions, by far exceeding the required global and local ratios of 8% and 12%, respectively, further affirming the strength of the bank’s financial position.

Based on the results achieved in 2020, AJIB’s Board of Directors recommended to the General Assembly the distribution of cash dividends amounting to JD15 million, representing 10% of the bank’s paid-up capital.

In conclusion, I would like to extend my thanks and gratitude to the shareholders and valued customers for their continuous support and confidence, and my appreciation to the members of the Board of Directors for their diligent efforts in advancing the bank’s affairs. I would also like to thank the bank’s executive management team members as well as all employees for their continued dedication to achieving the bank’s goals.

Hani Al-Qadi
Chairman of the Board of Directors

Our Achievements in 2020

Our Achievements in 2020

1- Corporate Banking Department

In light of the negative impact of the coronavirus pandemic on all economic sectors, AJIB continued to offer its support to the national economy while simultaneously sustaining and expanding its relationships with its clients. The bank put into action a number of plans aimed at advancing the growth of the various economic sectors by fulfilling the needs of the private sector through its varied products and services. The bank applied a prudent policy that is commensurate with the overall difficult economic circumstances, working to achieve a balance between the requirements for growth in various performance indicators to achieve higher revenue and maintain low levels of risk.

Throughout 2020 the Corporate Banking Department worked to boost the bank's competitiveness, increasing performance, and providing exceptional services to small, medium-sized and large companies in various fields in order to help them achieve their objectives and counteract the negative repercussions of the pandemic. This, in turn, benefits the national economy as a whole, strengthening the bank's position and fulfilling the needs of the private sector in order to effect comprehensive economic growth in the Kingdom.

AJIB's strategy contributed to reinforcing performance indicators despite the continued economic challenges as well as the decline in global, regional, and local economic activities across all sectors due to the pandemic, which left an impact on the corporate funding sector, including a decline in exports to neighboring markets. However, the bank continued to effectively communicate with its clients, and provided them with the most ideal financial alternatives and solutions as well as all the necessary facilities through the programs launched by the Central Bank of Jordan specifically for these economic sectors.

The bank also adopted a balanced and prudent policy consistent with the economic developments of 2020, harnessing its more than four decades of expertise to navigate the economic hardships brought about by the pandemic. AJIB focused on mitigating the negative impact of the pandemic, managing its credit portfolio, expanding its customer base, reinforcing existing relationships as well as providing them with support by analyzing their financial and credit conditions in order to provide them with the necessary financing and postpone any payments due to the conditions imposed by the pandemic.

As a result of the coronavirus pandemic and in order to support the national economy and alleviate the financial burdens for various economic sectors, the Central Bank of Jordan launched programs that allowed banks to reschedule loans for both individuals and corporations, especially SMEs. And as part of AJIB's commitment to supporting the national economy, the bank offered loans to SMEs to help them overcome the crisis and facilitate their operations. These loans offer competitive rates that lessen the detrimental effects of the current economic conditions, while existing loans can be restructured for customers in hard-hit economic sectors, at no additional costs as a means of reducing their financial burdens. Through these loans, companies have access to the necessary liquidity to pay employee salaries and finance their local and foreign purchases, both of which have had a major positive impact on the local market.

In 2020, AJIB's SME Department, which is run by a highly experienced team, continued its work to assist companies and provide them with a comprehensive and integrated set of banking solutions that cater to their unique needs.

The bank's e-business portal was integral in facilitating procedures for companies, allowing them to conduct their banking operations electronically during the lockdowns that were imposed as part of the national response plan to curb the spread of the coronavirus, which provided them with round-the-clock services and was met with highly positive reviews.

In terms of credit portfolio indicators, the bank worked to strengthen them through its commitment to credit standards based on studied and acceptable risk ratios while simultaneously diversifying the economic sectors that are granted credit. The bank also continued to focus on attracting new clients according to credit indicators aligned with positive growth for the credit portfolio at low risk levels while maintaining quality.

In order to continue providing the best and most efficient services to companies, the bank has allocated the first floor of its headquarters for corporate clients, offering them services that include check deposits and the issuance of certified checks in an environment that adheres to the strictest health and safety guidelines including masks, regular sanitization, and social distancing.

2- Retail Banking Department

In 2020, the Retail Banking Department continued to offer its clients the products and services best suited to their unique needs by adopting the most up-to-date banking practices, which reinforced its innovative position in the markets within which it operates. Also, as part of its work to provide the best solutions to the retail banking sector, AJIB offered its clients an entire suite of high-quality and creative banking and investment services and products.

In light of the rapid global changes as a result of the challenges posed by the coronavirus pandemic, as well as the accompanying economic challenges on a national level, AJIB, in line with the regulations issued by the Central Bank of Jordan, executed a series of preventative measures in order to contain the negative impact of the pandemic on the national economy. This included restructuring individual loans, postponing installments for retail customers, and reducing monthly payments for credit cards, housing loans and personal loans without any commissions or accrued interest in an effort to ease economic pressures on all segments of society. During this time, the bank continued to provide basic banking services to its clients that ensured the continuity of payment services through the Call Center and ATM machines.

The bank meticulously applied all healthcare measures in its branches, through regular disinfection, checking people’s temperatures, and ensuring social distancing. Bank employees were also required to wear face masks and gloves at all times as a means of protecting both employees and clients.

In 2020, AJIB’s Retail Banking Department witnessed several developments, including an uptick in the provision of electronic services, which the bank continued to develop in order to make them more efficient and user-friendly according to the latest developments in the field of banking technology. The bank launched the new AJIB Pay application, which allows clients to use their mobile phones to make payments, making AJIB one of the first banks in Jordan to provide this service, which is based on the latest electronic payment technologies for both Visa and Mastercard holders of Debit and Credit Cards. The app allows clients to make contactless payments at points of sale (POS) machines through their mobile phones. During 2020, the bank also increased its competitive edge by providing its clients with the chance to accumulate points through their Credit Cards when paying for purchases, exchanging them for vouchers from Manaseer Oil and Gas, Cozmo, Leaders Center, or airline tickets, hotel bookings world-wide, in addition to valuable gifts through the AJIB Rewards mobile application or through www.ajibrewards.com. This service includes holders of Visa Infinite, Prestige World Mastercard, World Elite Mastercard, Platinum and Gold Visa and Mastercard Credit Cards.

The bank also worked on making improvements to serve customers with special needs, in line with instructions for protecting consumer data in this segment of customers. The bank allocated seven branches in various governorates, equipping them to serve people with special needs and allowing them access to banking services. In line with the Central Bank's instructions to protect those with visual impairments, the bank launched the Basira app, which provides a comprehensive explanation of each product via audio. The bank also launched the ReadSpeaker program, which delivers an audio reader that reads content on the website and internet banking pages. For those with hearing impairments, the bank equipped its main branch with tablets that allow easy communication with employees, facilitating dialogue for customers by linking them via audio and video with a certified sign language interpreter. With these services, the bank promotes the access of persons with disabilities to all banking services, advancing financial inclusion at a national level.

AJIB also continued to upgrade its technological and communications platforms, adopting an innovative Call Center system created with Cisco in order to serve clients quickly and efficiently and to facilitate the workflow.

3- Trade Finance Department

The repercussions of the coronavirus pandemic triggered new challenges for the banking sector, impacting anticipated profits and growth rates. In light of the rapid global developments caused by the pandemic, and because of its impact on all sectors, especially commercial funding for companies providing logistics, these challenges posed an added burden to the local and international commercial environment, which even under normal circumstances is riddled with a complex network of risks and challenges.

As part of AJIB's strategy to deal with and respond to the repercussions of the pandemic while preserving stability and supporting the national economy, the bank implemented preventative measures and procedures and abided by the decisions of the Central Bank of Jordan, which focused on containing the negative impact of the pandemic.
The bank ensured the sustainability of normal operations for the Trade Finance Department throughout the period of the lockdown, ensuring the continued flow of goods and services to the markets and maintaining the continuity of operations and payment systems without affecting the quality of trade finance services including financing inward and outward letters of credit. The department also continued providing letters of credit, post-paid policies, commercial loans, discount bills and other products designed to facilitate banking operations related to imports and exports.
AJIB's commercial funding teams worked tirelessly to diminish challenges and difficulties, minimizing commercial risks, and working with clients in the commercial sector to help them overcome any challenges due to the pandemic.

4- VIP Banking Department

AJIB continued its intense efforts to provide services to clients according to the best international banking practices. In this regard, the VIP Banking Department continued to build solid relationships with its major corporate and retail clients in order to facilitate their work and provide them with the best and most innovative services and products.
The department continued to build strong relationships with customers, companies, and individuals, providing the best services and products to meet their unique needs. The department offers VIP accounts, which have been established for those who seek excellence and the experience of incomparable banking services.

5- Transfers Department

To maintain its position as an innovator in the field of transfers, AJIB continued to offer its clients a package of outstanding services and effective work systems to ensure that transfers are received by beneficiaries in record time through easy-to-use effective channels. The bank provides online transfer services through AJIB Online and AJIB Mobile app, as well as the option of using the wide branch network available throughout the Kingdom, staffed with qualified teams who provide the best services in record time. AJIB also facilitates the receipt of local and international transfers, which are processed within one business day.
As part of its efforts to offer its clients the latest developments in the banking industry, the bank implemented the SWIFT GPI system, which allows clients to track incoming and outgoing transfers in record time and offers status reports and notifications once the transfer is deposited in the beneficiary's account.

6- International Investments Department

AJIB has maintained its leading position in providing international investment services based on its previous achievements, long experience and extensive knowledge at the local, regional, and international markets. In 2020, the bank offered innovative products and services, including the state-of-the-art investment services designed to provide solutions that grow and manage personal wealth. The bank also offered clients the opportunity of benefiting from short-, medium- and long-term capital growth in order to advance their investment portfolios.
Portfolio Management
AJIB's team has extensive experience in the field and is supported by cutting-edge solutions that allow clients to make informed investment decisions while remaining up to date on the latest developments in the marketplace. This ensures that personal financial portfolios are perfectly compatible with long-term objectives through a mixture of international stocks, fixed income, joint investment funds, precious metals, and commodities.

Investment Services

Throughout 2020, AJIB provided exclusive solutions for managing wealth, each designed to address the latest developments and client needs, which have proven to be effective and positive in spite of the difficult international financial market conditions. A dedicated team analyzed market trends and examined global economic developments to ensure better performance, increased profitability, and focus on diversifying assets as an important factor in order to secure better returns on the financial portfolios of clients.

7- Prestige Service and Wealth Management

AJIB Prestige provided exclusive products and services at high levels of excellence through its team that boasts extensive expertise in the field, as well as unmatched levels of professionalism. AJIB Prestige clients enjoy a diverse set of exclusive benefits, including preferential and competitive interest rates, offered through a network of seven Prestige service centers located at the headquarters building, as well as branches located at the Interior Ministry Circle, Abdoun, Bayader Wadi Al-Sir, Tla' Al-Ali, Wadi Saqra, and Dabouq.

Services include a package of advanced investment products and services in local, regional, and international markets offered by a specialized team in wealth management tailored to individual needs that work to achieve the highest returns while maintaining financial solvency.

AJIB Prestige also provides insurance services as part of the "Prestige Life" program, offered by AJIB in cooperation with MetLife Jordan, an American insurance company. This program includes a group of sub-programs of specialized insurance schemes such as life insurance, retirement insurance, investment insurance and education insurance, all delivered by a team of professionals.

Throughout 2020, AJIB continued to offer its staff members the opportunity to further their knowledge though seminars and workshops, which the bank believes are vital to deliver the optimal services to clients.

8- Treasury Department

In 2020, the world witnessed major changes due to the outbreak of the coronavirus pandemic, which impacted the world's economies and slowed the pace of business. Due to the repercussions of the pandemic, the national economy, like that of other countries, faced numerous challenges and pressures on its operating environment and the performance of the banking sector.

The Treasury Department maintained its positive performance despite the pandemic thanks to its flexibility and adaptability to market variables, and by investing in programs and incentive schemes issued by the Central Bank of Jordan, which benefited both the bank's clients and its investment portfolio.

The department also played an outstanding role in serving clients by taking the necessary decisions, providing investment instruments, and preparing contracts and options in order to confront any fluctuations and risks in the market.

During the year 2020, AJIB was successful in reducing the negative impact of low interest rates on the bank's actual and estimated budgets, particularly when studying economic indicators and the timing of decisions by the Central Bank throughout the year. This created opportunities for the bank to redirect previous influences into positive effects on its banking and investment activities. AJIB also played an effective and important role in Jordanian capital and cash markets, with a majority share of these dealings contributing to increasing returns, particularly in lending, government bonds and Jordanian treasury bills.

The Treasury Department maintained a large volume of transactions during 2020, compared to previous years, despite the pandemic, which had a significant impact on increasing the bank's revenues. The Treasury Department also maintained high levels of liquidity and provided all AJIB's credit and investment portfolio requirements in accordance with policies followed by the bank and the guidelines of the Central Bank of Jordan.

These results confirm AJIB's ability to continue its strong performance and growth, reflecting the solidity of its financial position, its balance sheet, and the prudence of its existing strategy.

9- ATMs and Cards Department

AJIB continued to develop card and ATM services during 2020, offering its clients outstanding services in a comfortable and efficient environment, in line with the latest international developments in a reflection of the bank's institutional identity, with its Visa and Mastercard Debit and Credit Cards offering numerous benefits and services to their holders.

The bank continued its policy of remaining up to date with the latest technological developments in the field of electronic payment systems, offering clients a comprehensive package of Credit Cards that fulfill their unique needs. Accordingly, the bank updated its payment technology, introducing a contactless system for Mastercard Credit Cards. The advantage of this feature is that it facilitates payment transactions and makes purchases at points of sale quick and safe, limiting physical contact, which provides customers with a safer environment in light of the coronavirus pandemic.

During 2020, the bank continued developing its electronic payment systems by applying the most advanced internationally ratified security standards and updating the 3D Secure system for safe online purchases. This system enables customers to authorize their purchases over the internet with an authentication code sent to their phone. The bank has opened the door for merchants and websites to voluntarily subscribe to this service, which is done through Visa or Mastercard.

The bank's efforts continued to strengthen its ATM network and upgrade the payment system and banking services, giving clients access to the latest ATM services. At Queen Alia International Airport, travelers can use the Multi-Currency ATM withdrawal service to make withdrawals in different currencies, including dinars, dollars, and euros, whether they are AJIB customers or not.

The bank launched the AJIB Pay service, a new app that allows customers to use their phones (operating with the Android operating system and supporting NFC technology) to complete payments through local and international points of sale that support remote payments in a highly secure manner, reflecting the bank's eagerness to provide its customers with the latest technological developments. The payment process requires customers to enter an authentication code for any of their cards issued by the bank when adding the cards to AJIB Pay. The application also asks customers to unlock their device before completing any payment.

10- Retail Branches and Office Network

AJIB continued its expansion efforts in order to reach the highest number of people as a way of ensuring that clients have access to the services they require, as well as reinforcing its communications at the highest levels of quality and excellence.

In order to continue to meet the growing needs of individuals and companies for its products and services, the bank inaugurated a strategically located new branch in the city of Salt in 2020. This brings the number of AJIB branches and offices operating in Jordan to 36 and the number of ATMs to 67, increasing operational efficiency and enhancing access for clients.

In line with AJIB's compliance with the Central Bank of Jordan's guidelines, and in order to provide the opportunity for all financially excluded members of society to access banking services and to reinforce financial inclusion, the headquarters and branches in City Mall, Irbid, Zarqa, Salt, Madaba, and Aqaba were equipped in order to serve customers with special needs, facilitating their access to the bank.

As part of the bank's belief in the importance of continuously developing the skills of its team members and to heighten their performance, the scope of training activities was expanded to include all employees of the Retail and Wealth Management departments, with a service and product-knowledge training workshop held for branch managers, managers and employees working in the realm of customer service, including cashiers, Prestige employees and sales team members. This will enrich customer service and increase awareness of the services and the products available.

The bank also conducted training workshops for Call Center team members, ensuring that employees adhere to the standards of quality when interacting with customers.

AJIB replaced its traditional signage with digital screens using LED technology in the bank's branches at Queen Alia International Airport, displaying multimedia content that includes multiple options. This improves communication with airport visitors, displaying content and banking information including exchange rates for different currencies, offers and products available at the bank, as well as the latest news and developments.

11- Information Technology Department

During the year 2020, AJIB continued to upgrade its banking services to its clients in order to facilitate their access to services efficiently. To strengthen its technological infrastructure, AJIB continued to upgrade its infrastructure and its communication systems following the best criteria to ensure the quality and continuity of the service provided to its clients and the flow of work, in addition to adopting the best banking practices for the purpose of upgrading work and evaluating risk.

As a result of the consequences of the coronavirus pandemic in 2020, the bank has implemented defense orders related to public safety measures and social distancing by applying the highest global standards for remote work, providing the necessary technological capabilities to ensure the continuity of work safely and efficiently.

With regards to the governance of information technology, AJIB developed the Information and Affiliated Technology Governance Framework (COBIT 2019), which seeks to achieve the optimum benefits from information technology at the lowest possible risk levels and with the use of the least resources. This framework includes a group of operations and practices that cover various departments at the bank by highlighting cybersecurity issues, risk management, the privacy and protection of data, compliance, control, auditing, and strategic fit. This is part of the bank's efforts to attain the third level of maturity in the information and technology governance processes affiliated with COBIT 2019 with the participation of the board of directors, the executive management, and all staff members. The methodology followed was based on managing information technology, preserving its operations, and implementing the necessary plans to achieve the bank's strategic plans.

In terms of data privacy, the bank applies the GDPR, which requires companies and banks to protect the personal data and privacy of European Union citizens and has been approved by the Central Bank of Jordan to protect the personal data of all bank customers. The bank will strengthen and improve data protection and give people more control over the way in which their personal information is used, stored, and shared.

Additionally, the bank applies the ISO 27001 information security standard to improve information security management in a systematic manner through the application of organized and interconnected security controls. The bank carries out a systematic and regular examinations of the organization's information security risks, taking into account threats, weaknesses and impacts, and the application of a comprehensive package of information security controls to address unacceptable risks. It has also adopted a comprehensive management process to ensure that information security controls continue to meet the needs of the bank in this regard, on an ongoing basis.

In view of adopting the highest safety standards, AJIB was awarded the PCI certification for the fifth time in a row in recognition of the advanced quality level of its information security as well as the development of the control systems in its information centers in order to provide a safe work environment for clients and to maintain their high levels of confidence, which was reflected positively in the quality of service provided by the bank.

AJIB also added new security levels in various management fields, at its headquarters, its disaster recovery center, and the branch network, providing a safe environment for clients and their data, and protecting banking systems in view of the increasing growth in electronic attacks, all implemented according to the highest local and international criteria. AJIB began implementing a cyber security program to ensure secrecy and credibility requirements are met and providing protection controls for information, systems, and cyber threats, as well as providing response controls for cyber incidents.

The bank has applied a comprehensive cyber security program to implement cyber penetration tests for systems and networks, and address any vulnerabilities identified. A methodology has been adopted to identify, analyze, and address cyber risks, in addition to working on building and implementing plans to improve and reduce the risks associated with cyber-attacks, using cyber risk scenarios compliant with the instructions of the Central Bank of Jordan, and based on the institutional requirements of the bank. A cyber security awareness program was conducted for the board of directors, executive management, and all employees.

The bank's information system infrastructure was upgraded to implement the integration level system (IB), among the best internationally recognized systems to connect internal and external bank systems. This will effectively connect and develop banking systems, facilitate the implementation and integration of new systems in the field of financial technologies (Fintech) and will contribute to efficiency of services provided.
As part of its efforts to keep pace with the banking developments, AJIB applied the instant payment system to receive funds instantly between the accounts of bank clients connected through the Jordanian Company for Payment and Clearing Systems (JOPACC), sending these remittances directly to local banks via a closed network that increases the level of security and enhances services, removing the need for an intermediary. This move reduces the cost of sending internal remittances, is quicker and more efficient, thus raising the levels of excellence in customer services.
The bank also updated its online banking and mobile banking app, making them more modern, and more efficient, improving the user experience and allowing the bank to provide better services.
The bank is directly linked with the Social Security Corporation to facilitate the process of automatically sending the international number of a client's IBAN to the company.
In an effort to ensure the safety of employees during the coronavirus pandemic, the bank developed an internal system using QR technology and an internal mobile app to provide a new contactless method of logging employee work hours.
As a way of improving customer service and providing clients with unique benefits, the bank implemented the electronic payment service eFAWATEERcom, which offers the option of paying several bills in one transaction, in addition to providing the service of issuing and exchanging Debit Cards instantly from the branches.
In order to improve the service of sending and receiving remittances, the bank was the first to subscribe to the GPI service, which allows customers to track remittances and reduce the time required to send and receive them.

12- Administrative Affairs, Human Resources and Training Department

The year 2020 was exceptional due to the conditions imposed by the coronavirus pandemic, which prompted the adoption of measures as the pandemic evolved and in line with the decisions and instructions issued by the government and the Central Bank of Jordan.
AJIB began the year by completing the initiatives and plans that had already been kicked off in several fields, including the review and modernization of the bank's organizational structure; strategic planning for human resources in all departments and branches; the continued development of human resources manuals, systems and policies; new job descriptions and functional career development plans, and the implementation of the new Human Resources System (HRMS).
However, by the second quarter of 2020, the bank was forced to make fundamental adjustments to its work mechanisms, especially during the mandatory lockdown. The bank's first priority was to maintain the safety of employees and clients and to continue daily operations to the extent possible with the least number of employees as per the decisions and instructions issued by the Central Bank of Jordan.
Consequently, a committee was formed to follow up on the developments of the pandemic and to form operational plans to respond to the changing situation of the pandemic, including how employees interact with each other and with customers. As a result, plans were developed in cooperation and coordination with the Business Continuity / Risk Management Department, which included creating various scenarios to determine precautionary measures that ensure business continuity. This entailed the identification of employees and their replacements in any event, as well as the activation of remote work systems for some employees, making it necessary to delegate work accordingly and to offer the necessary equipment to do so.
The Human Resources Department played a pivotal role in following up with employees, checking on their well-being whether they were working in their offices or remotely to ensure their safety and provide any necessary support.
In order to adhere to the safety guidelines and as a way of ensuring the continuity of work at all times, the bank implemented a permanent stamping system using Quick Response Code technology developed by the Information Technology Department that is activated through smartphones in lieu of the fingerprint system.

Despite the obstacles imposed by the pandemic, the work of the new human resources system project continued, and it was completed, tested, and readied for implementation in January 2021.
During 2020, employment was limited to meeting urgent needs with specialized staff and led to a decrease in turnover rates and a pause of the bank's plan to create new departments and branches. Consequently, the bank promoted staff internally and enacted policies that provided opportunities for internal career development, allowing employees to change roles in order to diversify, enhance and enrich their experiences in impartial, transparent conditions, and equal opportunities for all.
In 2020, the training department was also affected by the pandemic, as only the essential requirements remained in place in compliance with government decisions and in order to ensure the health and safety of employees and the continuity of work.
The bank initiated a group of activities and training programs aimed at building capacities and developing skills of staff members, allowing them to enhance their expertise in various fields. A total of 535 employees participated in these activities and programs, including executives, branch managers and other employees, taking part in one of the 26 training programs, seminars, workshops, and conferences that were conducted locally and abroad. These included customer service, selling skills, awareness programs on maintaining business continuity, as well as a workshop on cybersecurity.
In its efforts to raise staff capacities to the highest professional and international levels and standards, five of the bank's employees obtained specialized professional certificates, including COBIT 2019, CISA, CCNA and PMP Professional Project Manager certificates, in addition to participating in local training programs in credit, financial, compliance and information technology risk management.
AJIB continued its cooperation with higher education institutions. The bank's Training Department supervised seven trainees from various Jordanian and foreign universities, which are part of the students' university requirements. AJIB also cooperated with educational institutions, in addition to training graduates of the comprehensive training program organized by the General Union of Bank Employees.
Based on plans approved by AJIB, the department looks forward to continuing its development activities during 2021 and expanding its scope of work to meet the growing needs of our human capital based on its strategic plans, including initiatives and projects that reinforce its role of advancing the work level and offering advanced systems and services, particularly in technology.

13- The Cyprus Branch

Cyprus is an open economy and a free service-based market with a long record of economic flexibility and successful performance, especially as the main pillars of its economy are based on tourism, shipping, and specialized professional services.
As part of its efforts to develop its economy, Cyprus constantly works to facilitate and advance its traditional industries, building an ecosystem that fosters innovation, research, and development, as well as emerging companies. Cyprus is also renowned for rapid-growth investment funds and is becoming an oil and gas center in the eastern Mediterranean region.
Cyprus showed an improvement in the efficiency of both the financial and public sectors that has boosted confidence in the Cypriot economy, which has largely regained its resilience through the growth of foreign direct investments and promising new investment opportunities that have been created in traditional and emerging sectors.
Cyprus enjoys a membership in the European Union, which allows it to access that market. Its common law system is fully compatible with European Union laws, making it an ideal center for regional company headquarters given the important components including geographical location, an educated work force, the infrastructure, its business-friendly approach, and a safe living environment.
Over the past few years, this competitive advantage has become more broadly recognized, and as a result, companies based in Cyprus have significantly increased their operations and strengthened their presence, while new investors are flocking to establish businesses.
AJIB has been operating in Cyprus for more than 30 years, through its two branches in the capital, Nicosia, and in Limassol, which is the main center for foreign business activities, providing an entire range of banking services professionally, efficiently and with a high level of commitment to reinforce strong and long relations with clients.

14- The United Arab Jordan Company for Investment and Financial Brokerage

During 2020, the United Arab Jordanian Investment and Financial Brokerage Company continued to offer its services in the field of buying and selling local shares and bonds in an ideal and comfortable climate for its VIP clients.

The Amman Financial Market witnessed a decline in trading volumes during 2020 compared to 2019, with total trading volume reaching about JD1.04 billion, compared to JD1.5 billion in 2019, while the total number of shares traded during 2020 decreased to 1.142 billion, compared to 1.247 billion shares during 2019.

The general price index closed at 1657.22 points, down by 157.98 points, a decrease of 8.7% from the level recorded at the end of 2019 of 1815.20 points.

15- Arab Jordan Investment Bank (Qatar) LLC

Qatar and the Gulf states received a double shock from the coronavirus crisis, which weakened demand for the non-oil economy and lowered oil prices, negatively affecting revenues. However, Qatar had the lowest rate of decline in its GDP during 2020 compared to the rest of the Gulf Cooperation Council (GCC) countries, with a 2.5% reduction in its economy as predicted by the International Monetary Fund in its latest report.

Standard & Poor's, the global credit rating agency, has affirmed the sovereign credit rating of the State of Qatar at AA- level, with a stable outlook indicating that the Qatari economy is resilient and able to face challenges, as it is supported by large sovereign reserves and the state's ability to provide immediate and effective support to the Qatari banking system if needed.

Qatar's credit ratings are considered among the best and strongest in the world, despite the circumstances that have cast a heavy negative shadow over most of the world's economies. Standard & Poor's also estimated the liquid foreign assets of the Qatari government reached about 180% of GDP, which is a large amount equivalent to the country's import bill over more than 10 years, which represents protection against any potential financial risks. The difficult global economic conditions following the outbreak of the coronavirus pandemic constituted the biggest challenge to face Arab Jordanian Investment Bank Qatar during 2020. However, the bank, thanks to its solid capital base, good liquidity levels and effective management, was able to navigate this difficult and challenging period with high efficiency and the enthusiasm to continue providing the best for customers, while continuing to effectively manage profit margins.

The bank continued to maintain its position in the Qatari market and the Qatar Financial Center, thanks to the directives and plans devised by the Board of Directors, the collective efforts of all employees, customer loyalty and the continuous support of shareholders.

16- Jordan International Bank JIB - London

Jordan International Bank (JIB) - London is an affiliate company of AJIB, which owns 25% of JIB’s capital. Despite the uncertainty that prevailed during the last ten months of the year 2020, and its continuation into 2021 due to the continuing repercussions of the pandemic, and the state of uncertainty pervading the British economy as a result of Britain exiting the European Union, JIB continued to develop its various businesses and activities since it joined AJIB as an affiliate in 2010.

The bank provides commercial financing, private banking services, and treasury services to a select group of companies and individuals, in addition to short-term loans for real estate developers and investors in London and in south England.

JIB recorded a total operating profit before tax of £2.2 million in 2020, compared to £3.1 million in 2019.

The bank’s balance sheet witnessed relative stability, reaching £365 million at the end of 2020, compared to £384 million at the end of 2019.

2021 BUSINESS OBJECTIVES

2021 Business Objectives

• Expand and diversify the retail banking client base by welcoming in new segments and sectors while continuing to upgrade the already outstanding level of banking services provided to them in a manner that ensures the provision of a unique experience based on excellence in services and products that are compatible with their growing needs in order to maintain their confidence.

• Continue to focus on the VIP and Prestige customers through our specialized and highly qualified team, which caters to the needs of the sector with the most up-to-date services, sage advice as well as the guidance necessary to grow their wealth.

• Continue our vital developmental role in the corporate banking services sector, and work to maintain the economic and financial objectives of our clients, in addition to providing financial advice and guidance according to the market requirements and conditions, ultimately reinforcing client experiences by providing an integrated package of banking products and services.

• Increase our corporate client base, particularly in vital sectors such as industry, trade, energy, and transport. We will also work to attract new and promising sectors in accordance with the bank's prudent policy that ensures maintaining a careful balance between the quality of credit facilities offered and the ratio of weighted risks.

• Continue to be a pioneer in electronic banking systems and the latest financial technologies (Fintech), strengthening client experiences by facilitating their work and ensuring the highest levels of security by implementing a package of projects and programs based on the bank's digital transformation strategy. This will be supported by the bank's previous successes in using Blockchain, the first financial institution in Jordan and the region to use this technology.

• Achieve the highest levels of operational efficiency by focusing on expanding the client base in the field of commercial and demand deposits, which is deemed to be less costly and supports the bank's performance indicators.

• Expand the bank's branch and ATM network in select locations to guarantee convenience and around-the-clock accessibility for clients. Furthermore, the bank will continue to evaluate its expansion outside of Jordan.

• Advance our human resources and reinforce their development by introducing them to the latest services and technologies and equipping them with advanced skills through our specialized training programs. This, in turn, will guarantee that the bank maintains the highest standards and will reflect positively on clients.

SUMMARY OF KEY FINANCIAL INDICATORS FOR ARAB JORDAN INVESTMENT BANK GROUP

Summary of Key Financial Indicators for AJIB Group

(Million JD)

Statement/Year	2020	2019	2018	2017
Total Assets	2200.2	2132.1	2033.1	1838.0
Net Credit Facilities	833.0	815.5	752.7	755.2
Financial Assets at Amortized Cost	687.6	711.6	688.0	597.6
Customer Deposits and Cash Margins	1215.9	1132.6	1069.6	1110.4
Total Equity	224.6	215.9	215.4	219.4
Gross Income	63.4	58.2	58.1	59.9
Net Profit Before Tax	17.0	23.7	24.4	25.8
Net Profit After Tax	11.5	16.2	16.8	17.2
Net Shareholder Profit After Tax	10.8	14.9	15.5	16.0
Market Value	178.5	196.5	192.0	262.5
Share Price by End of Year (JD)	1.19	1.31	1.28	1.75
Earnings Per Share (JD)	0.072	0.099	0.103	0.107
Proposed Dividend Distribution (JD)	0.10	0.09	0.09	0.09

Strength and Durability of the Financial Position

- A constant growth in volume of operations as total assets reached JD2.2 billion by the end of 2020, with a growth rate of 3.2%, compared to 2019 while maintaining acceptable risk ratios.
- Despite the economic and political challenges and the coronavirus pandemic, which affected the world's economies in general and Jordan's in particular, the portfolio of credit facilities grew significantly during 2020, with a growth rate of 2.15%.
- The capital base is solid enough to face all ordinary and calculated credit risks associated with the bank.

(Million JD)

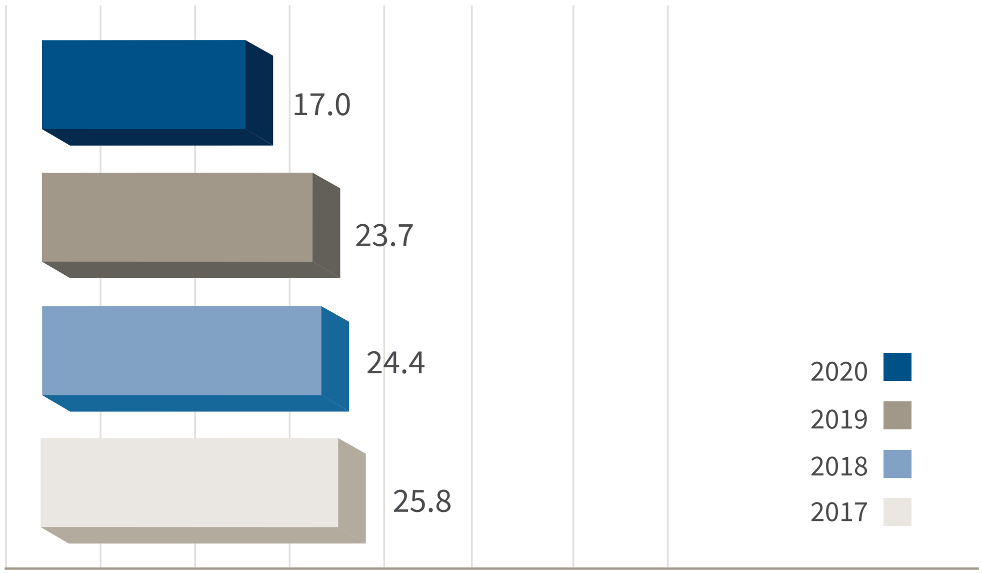
	2020	2019	Change %
Net Credit Portfolio	833.0	815.5	2.2%
Securities Portfolio	706.1	732.9	(3.7%)
Total Assets	2200.2	2132.1	3.2%
Customer Deposits and Cash Margin	1215.9	1132.6	7.4%
Banks and Financial Institutions Deposits	599.8	619.6	(3.2%)
Total Equity	224.6	215.9	4.0%

	2020 Basel III	2019 Basel III	2018 Basel III	2017 Basel III
Capital Adequacy Ratio	15.80%	16.50%	15.90%	15.95%

Net Profit Before Tax

In 2020, the bank generated net profits before tax of JD17 million, which is compatible with the economic conditions of the markets in which the bank operates as well as the coronavirus pandemic of 2020. One of the most prominent events to affect the market was the Central Bank of Jordan's decision to decrease interest rates twice by 1.5%, mirroring the US Federal Reserve, as well as the decision by the Central Bank of Jordan to postpone installments due from the bank customers.

(Million JD)

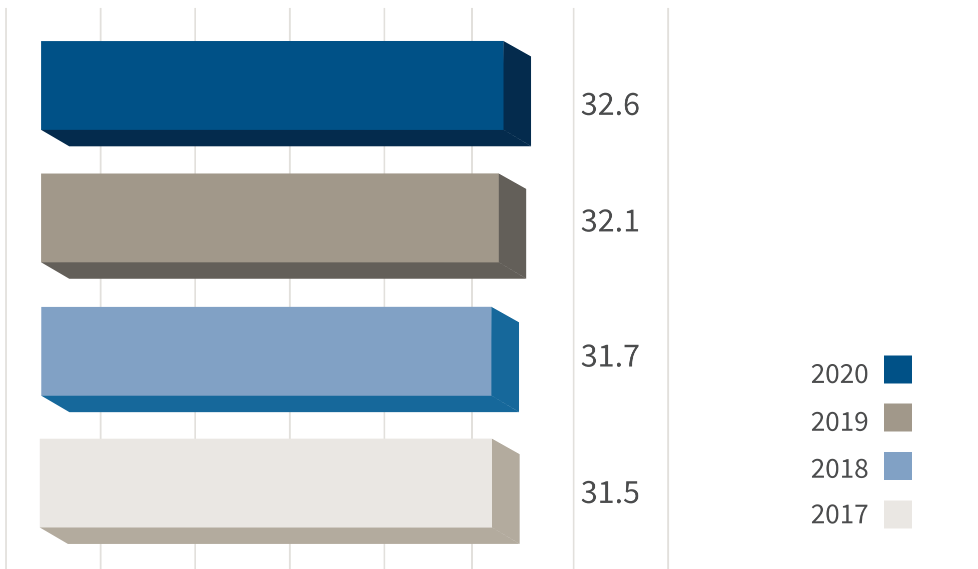


Net Profit Before Tax

Total Operating Costs

Note that operating expenses in 2020 increased by JD0.5 million compared to 2019, despite the fact that the bank donated (non-recurring donations) JD1.3 million, of which JD1 million were made to the Himmet Watan Fund to fight the repercussions of the coronavirus pandemic. Excluding this, we note that the total operating expenses decrease by JD0.8 million compared to 2019, despite the fact that the bank increased the salaries of its employees and did not lay off any of them during the pandemic.
Controlling operating expenses, especially those that were easily managed and in alignment with revenue flows, allowed the bank to maintain a balanced level of operating expenses over the past years.

(Million JD)

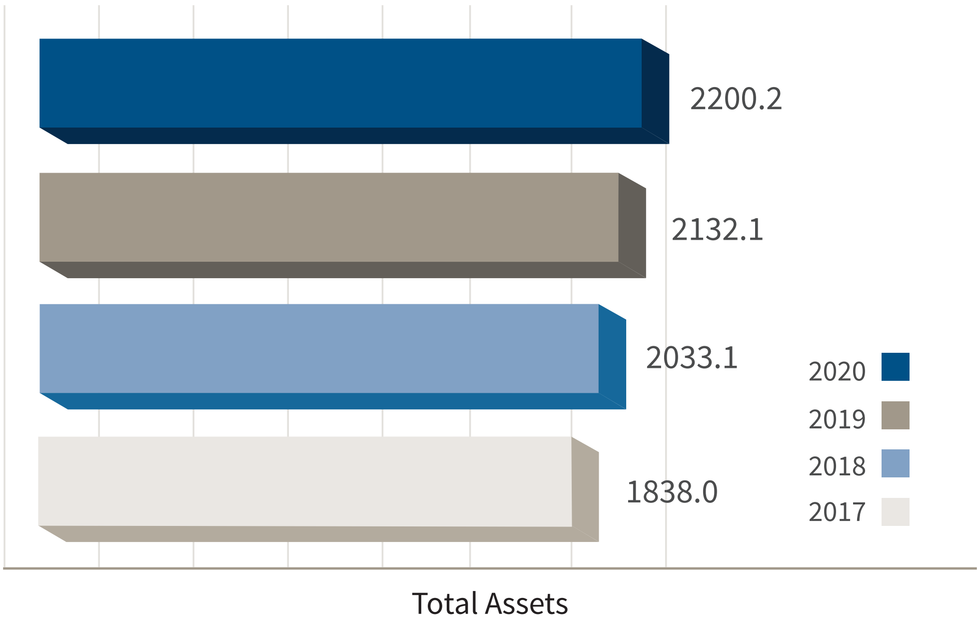


Total Operational Costs

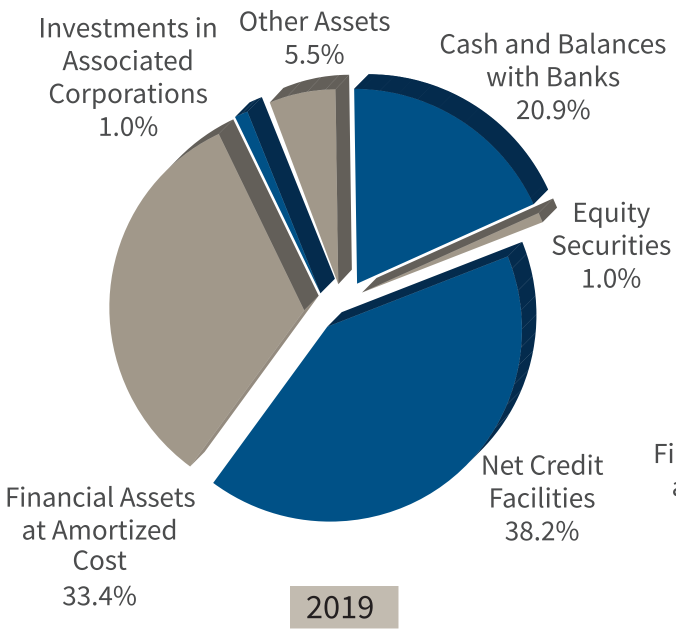
Steady and Balanced Growth in the Financial Position

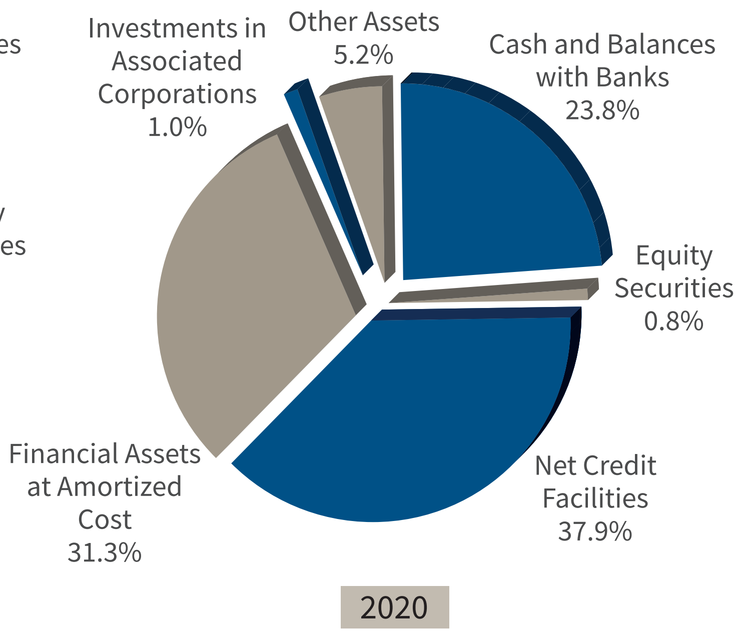
In 2020, the bank’s assets witnessed remarkable growth, increasing by 3.2% to reach JD2.2 billion, compared to JD2.13 billion in 2019. This growth was achieved by diversifying revenue streams and the utilization of funds in a way that generated worthwhile returns for our partners, including shareholders, customers, and employees, and within well-studied and acceptable risk levels considering the economic and political challenges in the region.

(Million JD)



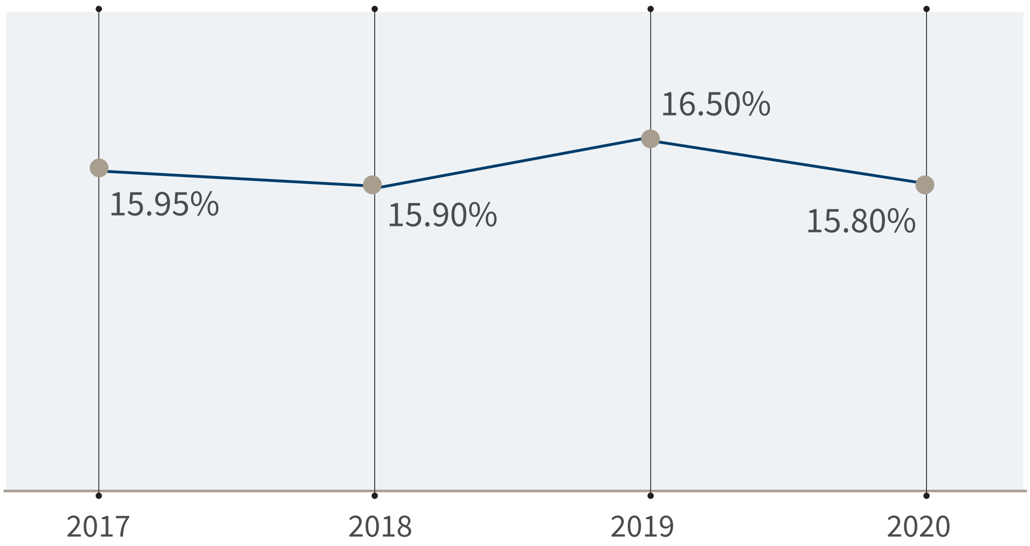
Balanced Composition of Assets Reflects Strong and Solid Financial Position





Capital Adequacy Ratio

The bank's capital adequacy ratio surpassed the minimum 8% required by the Basel Committee, and also surpassed the minimum 12% requirement of the Central Bank of Jordan to reach 15.80% in 2020, as per Basel III requirements.

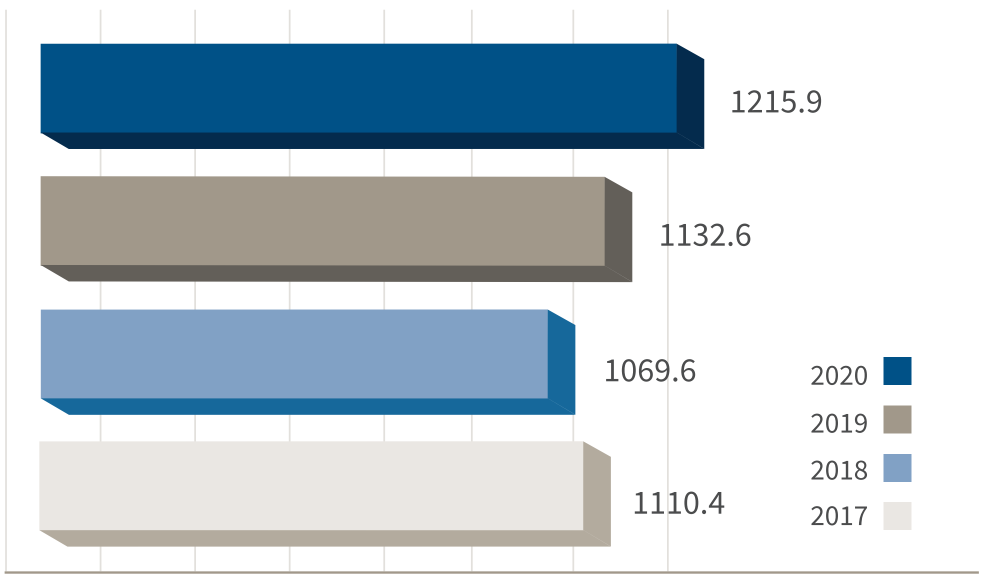


Capital Adequacy Ratio

Growth of Customer Deposits and Cash Margins

Despite the decrease in interest rates in 2020, and the competition among the banks in the local market, AJIB maintained its customer base, which reflects the high level of confidence that the bank has earned in the Jordanian banking sector.

(Million JD)

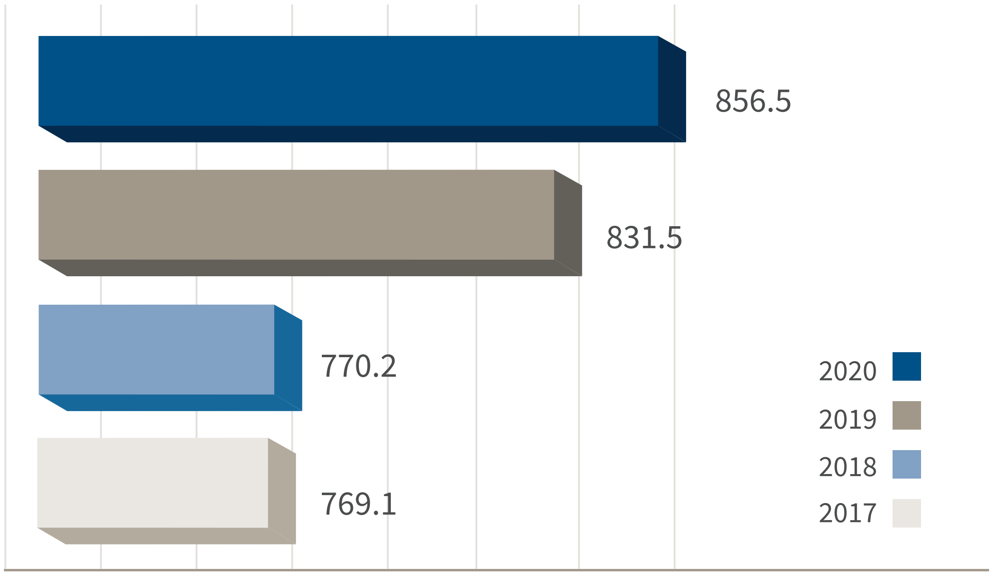


Customer Deposits and Cash Margins

Total Credit Facilities Portfolio

In 2020, the bank continued to focus its efforts on improving the quality of its credit portfolio by following two strategic pillars: the application of a prudent and selective credit policy in granting facilities during difficult economic conditions and continuing efforts to collect and process non-performing loans in a manner that improves their quality. As a result, the total balance of the credit facilities portfolio reached JD856.5 million in 2020, compared with JD831.5 million in 2019. The proportion of non-performing debts in 2020 reached 1.64% of the balance of direct credit facilities after deducting suspended interest, compared to 1.49% in 2019, making it one of the lowest rates in the banking sector.
Additionally, the coverage ratio of provisions for non-performing debts (after excluding suspended interest) was 146.3% in 2020, compared to 107.6% in 2019.

(Million JD)

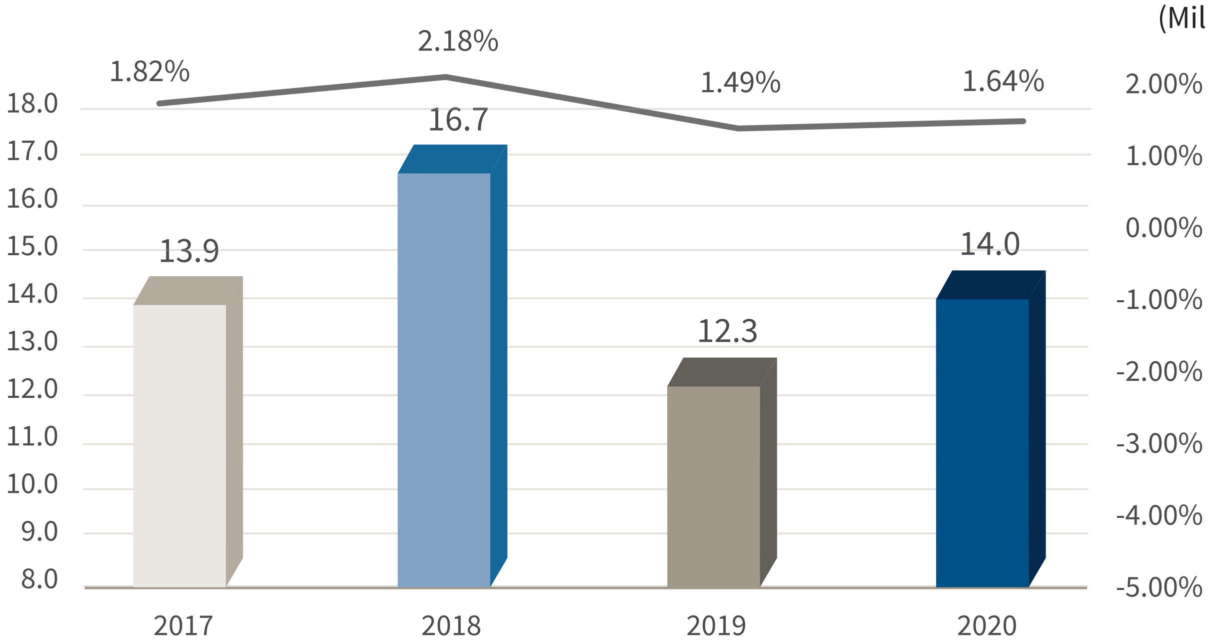


Total Credit Facilities Portfolio

Non-Performing Credit Facilities

Due to the difficult economic circumstances of 2020, the net ratio of non-performing debts to total facilities increased, which had a direct impact on some of the economic sectors, like tourism. Despite the increase in the non-performing debts compared to the total facilities in 2020, it is still considered among the lowest in the Jordanian banking sector.

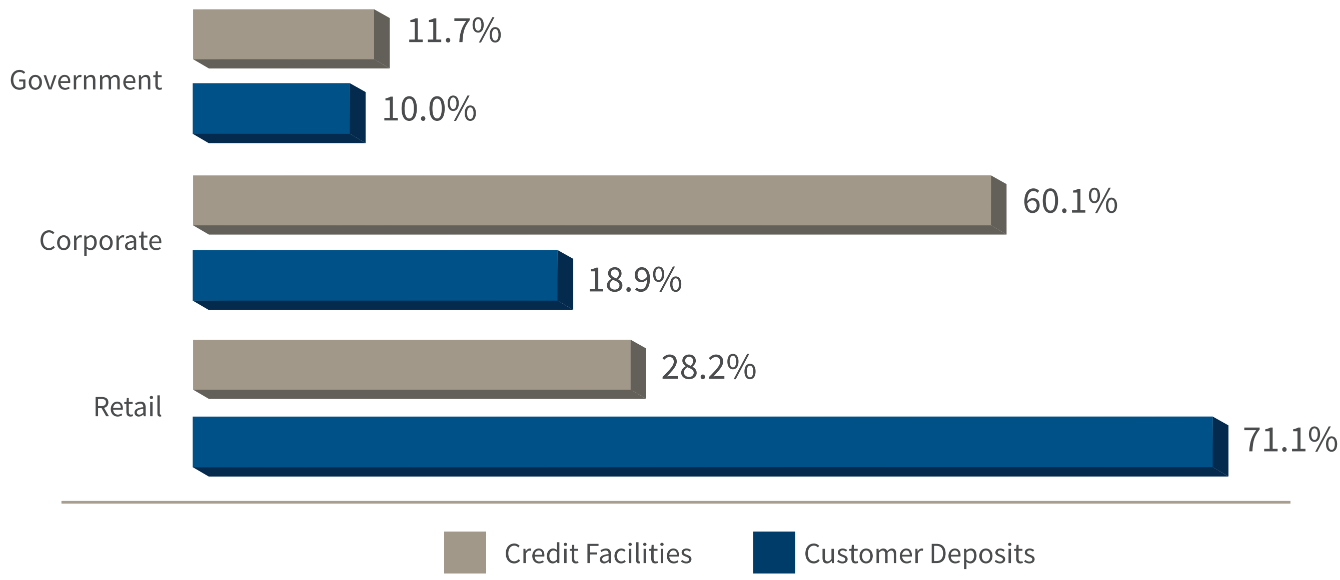
(Million JD)



Net Non-Performing Facilities and their Ratio to Portfolio Facilities

Composition of Customer Deposits and Credit Facilities Portfolio

In general, retail deposits are considered stable in the banking sector. It accounted for 71.1% of customer deposits at the end of 2020, compared to 28.2% of loans and facilities for the same sector. Loans extended to individuals are considered of lower risk than corporate loans.

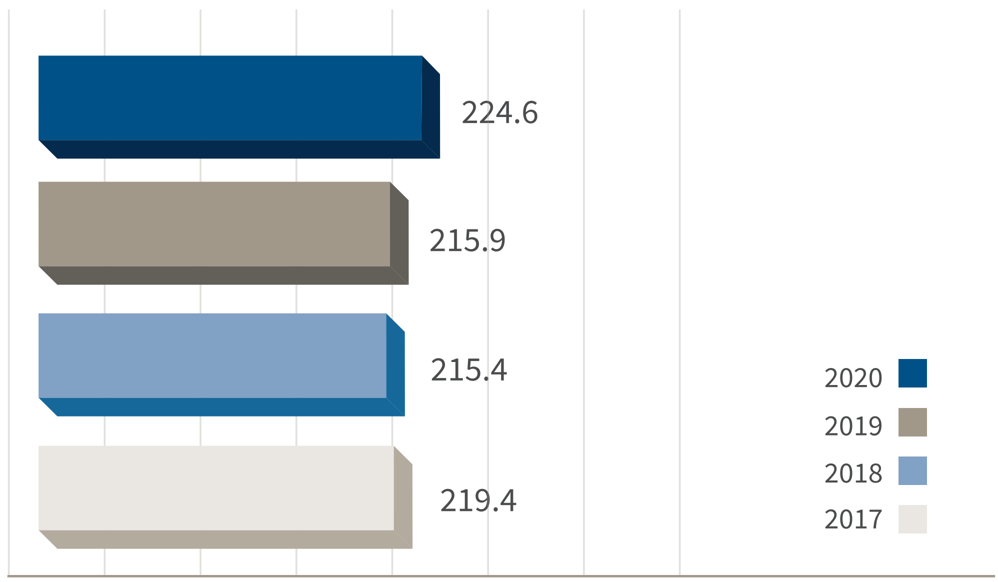


Composition of Customer Deposits and the Credit Facilities Portfolio

Total Equity

The bank maintained its capital base, placing it within the ranks of well-capitalized and stable financial institutions, reaching JD224.6 million in 2020.

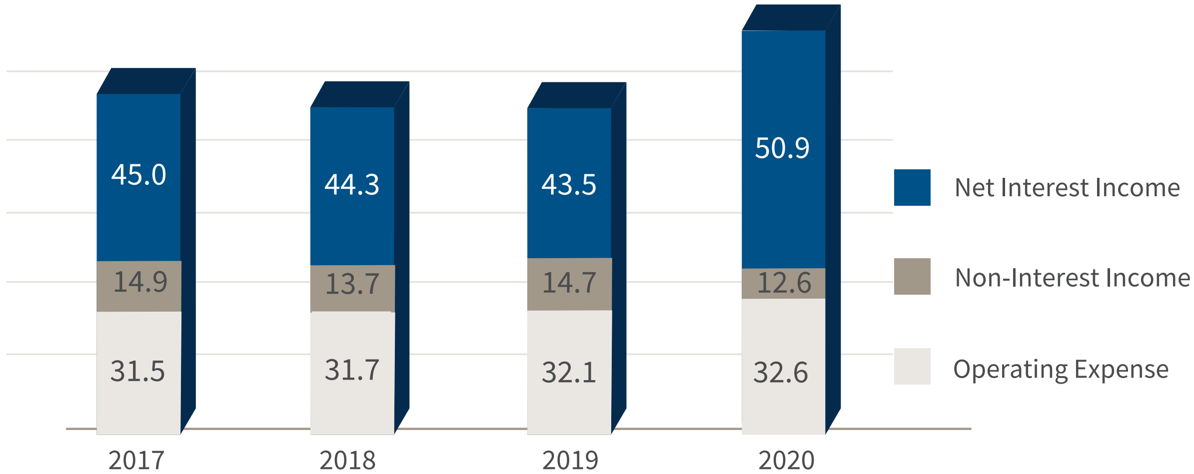
(Million JD)



Total Equity

Net Revenues and Operational Expenses

The bank maintained an acceptable level within the banking system, with the operational efficiency index decreasing to 51.3% at the end of 2020, compared to 55.2% at the end of 2019.



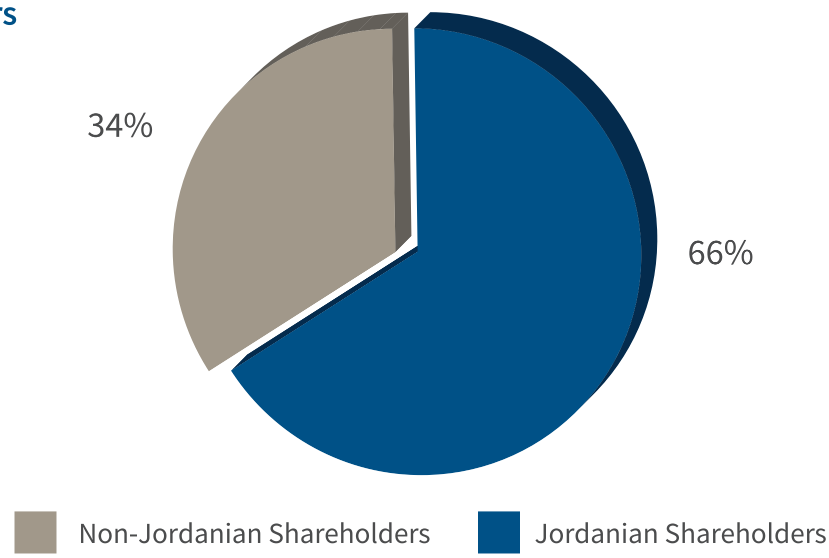
Financial Highlights

Statement/Year	2020	2019	2018	2017
Return on Average Assets (ROaA) Before Tax	0.8%	1.1%	1.3%	1.4%
Return on Average Assets (ROaA) After Tax	0.5%	0.8%	0.9%	0.9%
Return on Average Equity (ROaE) Before Tax	7.7%	11.0%	11.2%	11.7%
Return on Average Equity (ROaE) After Tax	5.2%	7.5%	7.7%	7.8%
Non-Performing Loans / Credit Facilities Portfolio	1.6%	1.5%	2.2%	1.8%
Net Credit Facilities / Customer Deposits	70.9%	74.7%	73.0%	71.9%
Net Credit Facilities / Total Assets	37.9%	38.2%	37.0%	41.1%
Cash and Balances with Banks / Total Assets	23.8%	20.9%	21.9%	18.6%
Total Equity / Total Assets	10.2%	10.1%	10.6%	11.9%

Number of Bank Employees

By the end of 2020, the number of AJIB employees reached 774, compared to 779 employees at the end of 2019. In 2020, the bank did not dismiss or lay-off any employee as a result of the coronavirus pandemic, but rather paid employees performance bonuses as well as annual increases.

Bank Shareholders



ARAB JORDAN INVESTMENT BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Arab Jordan Investment Bank
Amman – Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the financial statements of Arab Jordan Investment Bank "the Bank" and its subsidiaries "the Group", which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2020. 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. For each matter below, our description of how our audit addressed the matter provided in that context.

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

Inadequate allowances (ECL) for credit facilities Refer to the note 10 on the consolidated financial statements	
Key Audit matter	**How the key audit matter was addressed in the audit**
This is considered as a key audit matter as the group exercises significant judgement to determine when and how much to record as impairment. The provision for credit facilities is recognized based on the Group's provisioning and impairment policy which complies with the requirements of IFRS 9. Credit facilities form a major portion of the Group's assets, there is a risk that inappropriate impairment provisions are booked, whether from the use of inaccurate underlying data, or the use of unreasonable assumptions. Due to the significance of the judgments used in classifying credit facilities into various stages stipulated in IFRS 9 and determining related provision requirements, this audit area is considered a key audit risk. As at 31 December 2020, the Group's gross credit facilities amounted to JD 856,505,638 and the related impairment provisions amounted to JD 20,497,787. The impairment provision policy is presented in the accounting policies in note (2) to the consolidated financial statements.	Our audit procedures included the following: • We gained an understanding of the Group's key credit processes comprising granting and booking and tested the operating effectiveness of key controls over these processes. • We read the Group's impairment provisioning policy and compared it with the requirements of the International Financial Reporting Standards as well as relevant regulatory guidelines and pronouncements. • We assessed the Group's expected credit loss model, in particular focusing on its alignment of the expected credit loss model and its underlying methodology with the requirements of IFRS 9. • We tested a sample of exposures, assessed on an individual basis and performed procedures to evaluate the following: - Appropriateness of the group's staging. - Appropriateness of determining Exposure at Default, including the consideration of repayments in the cash flows and the resultant arithmetical calculations - Appropriateness of the PD, EAD and LGD for different exposures at different stages. - Appropriateness of the internal rating and the objectivity, competence and independence of the experts involved in this exercise. - Soundness and mathematical integrity of the ECL Model. - For exposures moved between stages we have checked the appropriateness of the Group's determination of significant increase in credit risk and the resultant basis for classification of exposures into various stages. We also checked the timely identification of exposures with a significant deterioration in credit quality. - For exposures determined to be individually impaired we re-preformed the ECL calculation we also obtained an understanding of the latest developments in the counterparty's situation of the latest developments in estimate of future cash flows, current financial position any rescheduling or restructuring agreements. • For forward looking assumptions used by the Group in its Expected Credit Loss ("ECL") calculations, we held discussions with management and corroborated the assumptions using publicly available information. • We assessed the financial statements disclosures to ensure compliance with IFRS 9. Refer to the accounting policies, critical accounting estimates and judgments, disclosures of credit facilities and on ECL in notes (2), (4), (10) and (44) to the consolidated financial statements.

Other information included in the Group's 2020 annual report.

Other information consists of the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do 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 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, 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 company'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 company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

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

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

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

• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exist, 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 company 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.

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, actions taken to eliminate threats or safeguards applied.

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

Report on Other Legal and Regulatory Requirements

The Company maintains proper books of accounts which are in agreement with the financial statements.

The partner in charge of the audit resulting in this auditor's report was Waddah Barkawi; license number 591.

Amman, Jordan
31 January 2021

Ernst + Young

ARAB JORDAN INVESTMENT BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

CONSOLIDATED FINANCIAL STATEMENTS AS 31 DECEMEBER 2020

ARAB JORDAN INVESTMENT BANK (A PUBLIC SHAREHOLDING LIMITED COMPANY)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

Assets	Notes	2020	2019
		JD	JD
Cash and balances at Central Bank of Jordan	5	196,441,026	129,085,610
Balances at banks and financial institutions- net	6	312,142,659	291,440,677
Deposits at banks and financial institutions- net	7	14,184,877	24,845,110
Financial assets at fair value through profit or loss	8	1,246,038	1,203,192
Financial assets at fair value through other comprehensive income	9	17,198,214	20,059,841
Direct credit facilities - net	10	833,048,500	815,472,923
Financial assets at amortized cost - net	11	687,643,018	711,618,433
Investment in associate company	12	22,007,354	20,687,223
Property and equipment – net	13	74,229,898	76,478,738
Intangible assets - net	14	1,790,547	1,606,866
Deferred tax assets	21-D	3,356,646	521,215
Other assets	15	36,915,305	39,036,563
Total Assets		2,200,204,082	2,132,056,391
Liabilities and Equity			
Liabilities:			
Banks and financial institutions’ deposits	16	599,806,480	619,641,241
Customers’ deposits	17	1,174,720,074	1,092,286,339
Borrowed money from the Central Bank of Jordan	18	120,629,632	104,457,503
Cash margins	19	41,163,022	40,295,933
Sundry provisions	20	702,561	677,572
Income tax provision	21-A	7,431,319	7,334,878
Other liabilities	22	31,177,301	51,510,179
Total Liabilities		1,975,630,389	1,916,203,645
Equity:			
Equity attributable to Bank's shareholders			
Paid-up capital	23	150,000,000	150,000,000
Statutory reserve	24	34,697,058	33,212,083
Foreign currency translation adjustments	25	(2,152,393)	(2,955,229)
Fair value reserve – net	26	(3,079,877)	(2,067,878)
Retained earnings	27	26,648,950	18,501,288
Total Equity attributable to the Bank’s shareholders		206,113,738	196,690,264
Non – controlling interest	29	18,459,955	19,162,482
Total Equity		224,573,693	215,852,746
Total Liabilities and shareholders’ Equity		2,200,204,082	2,132,056,391

The accompanying notes from (1) to (52) constitute an integral part of these statements and should be read with them.

ARAB JORDAN INVESTMENT BANK (A PUBLIC SHAREHOLDING LIMITED COMPANY)

CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020	2019
		JD	JD
Interest income	30	90,476,452	97,344,275
Interest expense	31	(39,608,263)	(53,885,589)
Net interest income		50,868,189	43,458,686
Net commission income	32	5,555,003	8,255,755
Net interest and commissions income		56,423,192	51,714,441
Foreign currencies income	33	2,684,415	3,894,727
Gain (Loss) from financial assets at fair value through profit or Loss	34	178,640	(146,654)
Cash dividends from financial assets at fair value through other comprehensive income	35	55,503	206,501
Other income	37	3,563,552	1,495,849
Gross income		62,905,302	57,164,864
Employees expenses	38	15,922,252	15,963,637
Depreciation and amortization	13,14	4,150,243	3,866,219
Other expenses	39	12,481,281	12,272,401
Provision for impairment	36	13,039,406	2,263,954
Sundry provisions	20	804,936	167,398
Total expenses		46,398,118	34,533,609
Bank's share in the income of associate company	12	517,295	1,034,715
Profit for the year before income tax		17,024,479	23,665,970
Income tax expense	21-B	(5,487,776)	(7,462,731)
Profit for the year		11,536,703	16,203,239
Attributable to:			
Bank's shareholders		10,814,391	14,871,803
Non – controlling interest		722,312	1,331,436
		11,536,703	16,203,239
		JD/Fils	JD/Fils
Basic and diluted earnings per share from profit for the year (bank's shareholder)	40	0.072	0.099

The accompanying notes from (1) to (52) constitute an integral part of these statements and should be read with them.

ARAB JORDAN INVESTMENT BANK (A PUBLIC SHAREHOLDING LIMITED COMPANY)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	JD	JD
Profit for the year	11,536,703	16,203,239
Comprehensive income items:		
Other comprehensive income items which will be reclassified to profit or loss in future periods:		
Foreign Currency translation adjustments - Associate Company	802,836	641,168
Other comprehensive income items which will not be reclassified to profit or loss in future periods:		
Cumulative change in fair value of financial assets through comprehensive income - net after tax	(818,864)	(138,883)
(Loss) from the sale of financial assets through comprehensive income	(1,470,353)	(3,606)
Total other comprehensive income items for the year after tax	(1,486,381)	498,679
Total comprehensive income for the year	10,050,322	16,701,918
Total comprehensive income attributable to:		
Bank's shareholders	9,423,474	15,333,477
Non - controlling interest	626,848	1,368,441
	10,050,322	16,701,918

The accompanying notes from (1) to (52) constitute an integral part of these statements and should be read with them.

CONSOLIDATED STATEMNET OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

For the year ended 31 December 2020	Paid-up Capital	Share Issuance Premium	Statutory Reserve	Foreign Currency Translation Adjustments	Fair Value Reserve - Net **	Retained Earnings	Total Equity attributable to the Bank's shareholders	Non - Controlling Interest	Total Equity
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	150,000,000	-	33,212,083	(2,955,229)	(2,067,878)	18,501,288	196,690,264	19,162,482	215,852,746
Total comprehensive income for the year	-	-	-	802,836	(1,011,999)	9,632,637	9,423,474	626,848	10,050,322
Transfer to statutory reserves	-	-	1,484,975	-	-	(1,484,975)	-	-	-
Change in non-controlling interest	-	-	-	-	-	-	-	(1,329,375)	(1,329,375)
Balance at the end of the year	150,000,000	-	34,697,058	(2,152,393)	(3,079,877)	26,648,950	206,113,738	18,459,955	224,573,693
For the year ended 31 December 2019									
Balance - beginning of the year	150,000,000	1,418,000	31,447,469	(3,596,397)	(1,891,990)	17,479,705	194,856,787	20,541,416	215,398,203
Total comprehensive income for the year	-	-	-	641,168	(175,888)	14,868,197	15,333,477	1,368,441	16,701,918
Distributed dividend to shareholders	-	-	-	-	-	(13,500,000)	(13,500,000)	-	(13,500,000)
Transferred to statutory reserves	-	-	1,991,773	-	-	(1,991,773)	-	-	-
Extinguishment of subsidiary losses	-	-	(227,159)	-	-	227,159	-	-	-
Transferred from issuance premium	-	(1,418,000)	-	-	-	1,418,000	-	(1,418,000)	(1,418,000)
Change in non-controlling interest	-	-	-	-	-	-	-	(1,329,375)	(1,329,375)
Balance at the end of the year	150,000,000	-	33,212,083	(2,955,229)	(2,067,878)	18,501,288	196,690,264	19,162,482	215,852,746

In accordance to the instructions of the regulatory authorities

- The Central Bank of Jordan issued circular No. 10/1/7702 at 6 June 2018 requesting to transfer general banking risks reserve balance to retained earnings to be offset with the effect of IFRS 9, which represents the beginning balance for retained earnings as of 1 January 2018. The circular also stated to keep general banking risks reserve balance restricted after the offset, and it should not be distributed as dividends or used for any other purposes unless an approval from the Central Bank of Jordan is obtained. The restricted balance amounted to JD 1,072,606 in addition to holding an amount of JD 3,356,646 as of 31 December 2020 against deferred tax benefits, which can't be utilized through capitalization or distribution unless realized in accordance.

** The negative fair value reserve from the retained earnings that cannot be utilized as of 31 December 2020 amounted to JD 3,079,877.

The accompanying notes from (1) to (52) constitute an integral part of these statements and should be read with them.

ARAB JORDAN INVESTMENT BANK (A PUBLIC SHAREHOLDING LIMITED COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 JD	2019 JD
Operating activities			
Profit before income tax		17,024,479	23,665,970
Adjustments for:			
Depreciation and amortization	13, 14	4,150,243	3,866,219
Provision for expected credit loss	36	13,039,406	2,263,954
Unrealized loss (gain) on financial assets at fair value through profit or loss	34	(149,955)	231,039
Provision for end of service indemnity	20	64,936	59,398
Other sundry provisions	20	740,000	108,000
Loss (gain) from sale of property and equipment	37	15,334	(4,551)
Loss (gain) from the sale of seized assets	37	90,696	(74,045)
Effect of exchange rate fluctuations on cash and cash equivalents	33	(54,265)	(80,558)
Bank’s share in the income of associate company	12	(517,295)	(1,034,715)
Cash profit before changes in assets and liabilities		34,403,579	29,000,711
Changes in assets and liabilities:			
Deposits with banks and other financial institutions (maturing over 3 months)		10,660,233	(8,967,425)
Financial assets at fair value through profit or loss		107,109	(1,170,987)
Direct credit facilities		(29,979,486)	(64,949,808)
Other assets		2,030,562	(2,381,546)
Banks and financial institutions deposits (maturing over 3 months)		(16,709,000)	(27,164,000)
Customers' deposits		82,433,735	61,724,292
Cash margins		867,089	1,304,640
Other liabilities		(20,801,552)	(8,351,335)
Net change in assets and liabilities		28,608,690	(49,956,169)
Net cash flows from (used in) operating activities before taxes and sundry provisions paid		63,012,269	(20,955,458)
Sundry provisions paid	20	(779,947)	(96,700)
Income tax paid	21-A	(8,226,766)	(6,974,378)
Net cash flows from (used in) operating activities		54,005,556	(28,026,536)
Investing activities:			
Financial assets at amortized cost - net		23,848,280	(23,681,760)
Sale of financial assets at fair value through other comprehensive income		572,410	(4,701,342)
Purchase of property and equipment	13	(1,352,318)	(2,983,411)
Proceeds from sale of property and equipment and intangible assets		64,588	21,478
Purchase of intangible assets	14	(812,688)	(842,665)
Net cash flows from(used in) investing activities		22,320,272	(32,187,700)
Financing activities:			
Borrowed money from the Central Bank of Jordan		16,172,129	(41,584,307)
Change in non–controlling interest		(1,329,375)	(2,747,375)
Dividends distributed to shareholders		(14,872)	(13,492,133)
Net cash flows from (used in) financing activities		14,827,882	(57,823,815)
Net increase (decrease) in cash and cash equivalents		91,153,710	(118,038,051)
Effect of exchange rate fluctuations on cash and cash equivalents		54,265	80,558
Cash and cash equivalent - beginning of the year		(106,240,639)	11,716,854
Cash and cash equivalent - end of the year	41	(15,032,664)	(106,240,639)

The accompanying notes from (1) to (52) constitute an integral part of these statements and should be read with them.

ARAB JORDAN INVESTMENT BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. General
The Arab Jordan Investment Bank is a public shareholding limited company with headquarters in Amman – Jordan, On January 1, 1978 it was registered according to the Companies Law and related subsequent amendments the last of which was amendment No. (22) for the year 1997. Moreover the Bank's authorized and paid-up capital was increased gradually the last of which was during the year 2014 to become JD 150 million at face value of JD 1 each.

The Bank is engaged in commercial banking activities through its (36) branches and offices in Jordan and (1) branch in Cyprus and its subsidiaries in Qatar and Jordan (Arab Jordan Investment Bank - (Qatar) LLC and the United Arab Jordan Company for Investment and Financial Brokerage).

The Bank's shares are listed and traded in the Amman Stock Exchange.

The consolidated financial statements have been approved by the Board of Directors in its meeting held on 28 January 2021 and are subject to the approval of the General Assembly of Shareholders.

2. Significant Accounting Policies
Basis of Preparation of the Consolidated Financial Statements
The accompanying consolidated financial statements for the Bank and its subsidiaries have been prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Bank has complied with applicable local laws and Central Bank of Jordan instructions.

The consolidated financial statements are prepared on the historical cost basis except for financial assets at fair value through profit and loss and financial assets at fair value through other comprehensive income and financial derivatives which have been measured at fair value at the date of the consolidated financial statements. Moreover fair value hedged assets and liabilities are stated at fair value.

The consolidated financial statements are presented in Jordanian Dinar (JD) which is the functional currency of the Bank.

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries were the Bank holds control over the subsidiaries. The control exists when the Bank controls the subsidiaries significant and relevant activities and is exposed, or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries. All transactions balances, income and expenses between the Bank and subsidiaries are eliminated. The following subsidiaries were consolidated in the Group’s financial statements:

Company’s Name	Ownership Percentage	Paid-up capital JD	Head Quarter	Date of ownership	Company’s Objectives
United Arab Jordan Company for Investment and Financial Brokerage	100%	2,500,000	Amman-Jordan	February 5 2002	Financial Brokerage
Arab Jordan Invest Bank / Qatar	50% + two shares	35,450,000	Doha - Qatar	December 5 2005	Bank Activity

The following are the most significant financial information for the subsidiary companies:

	United Arab Jordan Company for Investment and Financial Brokerage		Arab Jordan Investment Bank / Qatar	
	2020	2019	2020	2019
	JD	JD	JD	JD
Total assets	2,975,338	2,547,229	169,362,851	257,801,940
Total liabilities	267,495	166,918	132,442,941	219,476,977
Equity	2,707,843	2,380,311	36,919,910	38,324,963
	For the year ending 31 December		For the year ending 31 December	
	2020	2019	2020	2019
	JD	JD	JD	JD
Total revenue	234,518	86,220	5,995,674	8,413,139
Total expenses	192,213	371,446	4,551,051	5,750,266

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

The Results of operations of subsidiaries are included in the consolidated statement of income effective from the acquisition date, which is the date of transfer of control over the subsidiary to the Group. The results of operations of subsidiaries disposed are included in the consolidated statement of income up to the effective date of disposal, which is the date of loss of control over the subsidiary.

Non-controlling interest represents the portion that is not owned by the Bank in the owner's equity in the subsidiary companies.

SIGNIFICANT ACCOUNTING POLICIES

Segmental Information

Business sector represents a group of assets and operations that jointly provide products or services subject to risks and returns different from those of other business segments, which were measured according to the reports used by the General Manager and the Bank's decision maker.

Geographical sector relates to providing products or services in an economic environment subject to specific risks and returns different from those operating in other sectors of other economic environments.

Direct Credit Facilities

Direct credit facilities are financial assets with fixed or determinable payments which are provided basically by the Bank or have been acquired and has no market price in the active markets, which are measured at amortized cost.

A provision for the impairment in direct credit facilities is recognized through the calculation of the expected credit loss in accordance with International Financial Reporting Standard 9.

Interest and commission earned on non-performing granted credit facilities are suspended in accordance with the instructions of the Central Bank of Jordan and in accordance with the instructions

of the regulatory authorities whichever is more conservative in countries where the bank has its branches or subsidiaries.
When direct credit facilities are uncollectible they are written off against the provision account, any surplus in the provision is reversed through the consolidated statement of income, and subsequent recoveries of amounts previously written off are credited to revenue.

Fair Value

Fair value represents the closing market price (Assets Purchasing / Liabilities Selling) of financial assets and derivatives on the date of the consolidated financial statements in active markets. In case declared market prices do not exist active trading of some financial assets and derivatives is not available or the market is inactive fair value is estimated by one of several methods including the following:

- Comparison with the fair value of another financial asset with similar terms and conditions.
- Analysis of the present value of expected future cash flows for similar instruments.
- Adoption of the option pricing models.
- Evaluation of long-term assets and liabilities that bear no interest through discounting cash flows and amortizing premium / discount using the effective interest rate method within interest revenue / expense in the consolidated statement of income.

The valuation methods aim to provide a fair value reflecting the market's expectations taking into consideration the market expected risks and expected benefits when the value of the financial assets. When the financial assets fair value can't be reliably measured, they are stated at cost less any impairment.

Investment in Associate

An associate company is the company whereby the bank exercises effective influence over their decisions related to financial and operational policies without control, with the bank owning from (20%) to (50%) of the voting rights, and is stated in accordance to the equity method.

Revenues and expenses resulting from transactions between the Bank and the associate company are eliminated according to the bank's ownership percentage in these company.

Financial Assets at Amortized Cost

Are the assets that the bank's management intends to hold for the purpose of collecting the contractual cash flows which represents the cash flows that are solely payments of principal and interest on the outstanding principal.

Financial assets are recorded at cost upon purchase plus acquisition expenses, Moreover the issue premium \ discount is amortized using the effective interest associated with the decline in value of these investments leading to the in ability to recover the investment or parts thereof are deducted, any impairment is registered in the consolidated statement of income and should be presented subsequently at amortized cost less any impairment losses.

The amount of impairment loss recognised at amortized cost is the expected credit loss of the financial assets at amortized cost.

It is not allowed to reclassify any financial assets from/to this category except for certain cases that are specified by the International Financial Reporting Standards (And if in any cases these assets are sold before the maturity date the result of sale will be recorded in the consolidated statement of income in a separated disclosure and caption in according to the International Financial Reporting Standards in specific).

Financial Assets at Fair Value through Profit or Loss

It is the financial assets purchased by the bank for the purpose of trading in the near future and achieving gains from the fluctuations in the short-term market prices or trading margins.

Financial assets at fair value through profit or loss are initially stated at fair value at acquisition date (purchase costs are recorded in the consolidated statement of income upon acquisition) and subsequently measured in fair value, Moreover changes in fair value are recorded in the consolidated statement of income including the change in fair value resulting from translation of non-monetary assets stated at foreign currency, Gains or losses resulting from the sale of these financial assets or part of them are taken to the consolidated statement of income.

Dividends and interests from these financial assets are recorded in the consolidated statement of income.

It is not allowed to reclassify any financial assets to / from this category except for the cases specified in International Financial Reporting Standard.

Financial Assets at Fair Value through Other Comprehensive Income

These financial assets represents the investments in equity instruments held for the long term.

These financial assets are recognized at fair value plus transaction costs at purchase date and are subsequently measured at fair value in the consolidated statement of comprehensive income and within owner’s equity including the changes in fair value resulting from translation of non-monetary assets stated in foreign currency. Gain or loss from the sale of these investments or part of them should be recognized in the consolidated statement of comprehensive income and within owner’s equity and the balance of the revaluation reserve for these assets should be transferred directly to the retained earnings not to the consolidated statement of income.

No impairment testing is required for these assets. Unless classified debt instrument as financial assets at fair value through other comprehensive income, in that case, the impairment is calculated through the expected credit loss model.

Dividends are recorded in the consolidated statement of income.

Impairment in Financial Assets

Overview of the ECL principles

The adoption of IFRS 9 has fundamentally changed the Group’s loan loss impairment method by replacing IAS 39’s incurred loss approach with a forward-looking ECL approach as of 1 January 2019.

The Group records the allowance for expected credit losses for all loans and other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts, in this section all referred to as ‘financial instruments’. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months’ expected credit loss.

The 12 months is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

ECL is calculated for the full period of credit exposure and for the probability of default during the 12 months period on an individual basis or collective based on the financial instrument portfolio and the nature of these financial instruments.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Group groups its loans into Stage 1, Stage 2 and Stage 3, as described below:

- Stage 1: When loans are first recognized, the Group recognizes an ECL allowance based on the probability of default during 12 months period. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

- Stage 3: Loans that are considered credit-impaired. The Group records an allowance for the LTECLs.

The Calculation of ECLs

The Group calculates the expected credit losses in accordance with the International Financial Reporting Standard Number 9 which is disclosed in Note 4.

Property and Equipment

Property and equipment are stated at cost net of accumulated depreciation and any impairment loss in its value, Moreover Property and Equipment (except for land) are depreciated according to the straight-line method over the estimated useful lives when ready for use of these assets using the following annual rates.

	%
Buildings	2
Equipment furniture and fixtures	9-15
Vehicles	20
Computer	12-15
Others	2-12

When the carrying amount of property and equipment exceeds their recoverable value, assets are written down and impairment loss is recorded in the consolidated statement of income.

The useful lives of property and equipment are reviewed at the end of each year, in case the expected useful life is different from what was determined before the change in estimate is recorded in the following years being a change in estimates.

Property and equipment are derecognized when disposed or when there is no expected future benefit from their use or disposal.

Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Bank makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Intangible Assets

A. Goodwill

Goodwill is recognized at cost and represents the excess of the acquisition costs or investment costs in an affiliate or a subsidiary over the net assets fair value of the affiliate or subsidiary as of the acquisition date. Goodwill arises from the investment in the subsidiary recognized as a separate item in intangible assets. Later on, goodwill will be reviewed and reduced by any impairment amount.

Goodwill is allocated to cash generating unit(s) to test impairments in its value.

Impairment testing is done on the date of the consolidated financial statements. Goodwill is reduced if the test indicates that there is impairment in its value, and that the estimated recoverable value of the cash generating unit(s) relating to goodwill is less than the book value of the cash generating unit(s). Impairment is recognized in the consolidated statement of income.

B. Other Intangible assets

Intangible assets purchased in an acquisition are stated at fair value at the date of acquisition. Other intangible assets purchased other than through acquisition are recorded at cost.

Intangible assets are to be classified on the basis of either definite or indefinite useful life. Intangible assets with definite useful economic lives are amortized over their useful lives and recorded as an expense in the consolidated statement of income. Intangible assets with indefinite lives are reviewed for impairment as of the consolidated financial statements date, and impairment loss is recorded in the consolidated statement of income.

No capitalization of intangible assets resulting from the banks' operations is made. They are rather recorded as an expense in the consolidated statement of income in the same year.

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

The intangible assets with a specified useful life appears of cost after deducting the annual amortization. These assets were amortized by using the straight-line method on the useful life using a percentage of 25% annually.

Provisions

Provisions are recognized when the bank has an obligation on the date of the consolidated financial statement arising from a past event and the costs to settle the obligation is probable and can be reliably measured.

Provision for Employees’ End-of-Service Indemnity
Provision for end of service indemnity is established by the Bank to fare any legal or contractual obligations at the end of employees’ services and is calculated based on the service terms as of the financial statements date.

Income Tax
Income tax expenses represent accrued taxes and deferred taxes.

Income tax expenses are accounted for on the basis of taxable income. Moreover taxable income differs from income declared in the consolidated financial statements because the latter includes non-taxable revenues or taxable expenses disallowed in the current year but deductible in subsequent years accumulated losses acceptable by the tax law and items not accepted for tax purposes or subject to tax.

Taxes are calculated on the basis of the tax rates according to the prevailing laws regulations and instructions of the countries where the bank operates.

Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the consolidated financial statements and the value of the taxable amount. Deferred tax is calculated on the basis of the liability method in the consolidated statement of financial position according to the rates expected to be applied when the tax liability is settled or tax assets are recognized.

Deferred tax assets and liabilities are reviewed as of the date of the consolidated financial statements and reduced in case it is expected that no benefit will arise from payment or the elimination of the need for deferred tax liabilities partially or totally.

Capital Cost of Issuing or Buying the Bank's Shares
Cost arising from the issuance or purchase of the bank's shares are charged to retained earnings (net of the tax effect of these costs if any). If the shares issuance or purchase process is incomplete these costs are recorded as expenses in the consolidated statement of income.

Accounts Managed on Behalf of Customers
These represent the accounts managed by the bank on behalf of its customers but do not represent part of the bank's assets. The fees and commissions on such accounts are shown in the consolidated statement of Income. A provision against the impairment in the capital-guaranteed portfolios managed on behalf of customers is taken.

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

Realization of Income and Recognition of Expenses
Interest income is realized by using the effective interest method except for interest and commissions from non-performing credit facilities which are not recognized as income and are recorded in the interest and commissions in suspense account.

Expenses are recognised according to the accrual basis.

Commission is recorded as revenue when the related services are provided, moreover dividends are recorded when realized (decided upon by the General Assembly of Shareholders).

Date of Recognizing Financial Assets
Purchases and sales of financial assets are recognized on the trading date (which is the date on which the bank commits itself to purchase or sell the asset).

Hedge Accounting and Financial Derivatives
Financial Derivatives for Hedging:
For the purpose of hedge accounting the financial derivatives appear at fair value.

Fair Value Hedges:
A fair value hedge is a hedge against the exposure to changes in the fair value of the bank's recognised assets or liabilities.

When the conditions of an effective fair value hedge are met the resulting gains and losses from the valuation of the fair value hedge and the change in the fair value of the hedged assets or liabilities is recognised in the consolidated statement of income.

When the conditions of an effective portfolio hedge are met the gain or loss resulting from the revaluation of the hedging instrument at fair value as well as the change in the fair value of the assets or liabilities portfolio are recorded in the consolidated income statement for the same year.

Cash flow Hedges:
Hedge for the change in the current and expected cash flows exposures of the Bank's assets and liabilities.

When the conditions of an effective cash flow hedge are met the gain or loss of the hedging instruments is recognized in the statement of comprehensive income and owner's equity, such gain or loss is transferred to the consolidated statement of income in the period in which the hedge transaction impacts the consolidated statement of income.

When the condition of the effective hedge do not apply the gain or loss resulting from the change in the fair value of the hedging instrument is recorded in the consolidated statement of income the same year.

Assets Seized by the Bank against Due Debts
Assets that have been the subject of foreclosure by the bank are shown under "other assets" at the 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, any decline in their market value is taken to the consolidated statement of income as a loss whereas any such increase is not recognized. Subsequent increase is taken to the income statement to the extent it does not exceed the previously recorded impairment.

Repurchase and Resale Agreements
Assets sold with a simultaneous commitment to repurchase at a specified future date (repos) will continue to be recognised in the bank's consolidated financial statements due to the bank's continuing exposure to the risks and rewards of these assets using the same accounting policies, (The buyer has the right to control such assets (by sale or pledge as collateral) which are reclassified as financial assets pledged as collateral), The proceeds of the sale are recorded under loans and borrowings, The difference between the sale and repurchase price is recognised as an interest expense over the agreement term using the effective interest method.

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

Foreign Currencies

Transactions in foreign currencies during the year are recorded at the exchange rates prevailing at the date of the transactions. Moreover, financial assets and financial liabilities are translated to Jordanian Dinar based on the average exchange rates declared by the Central Bank of Jordan on the date of the consolidated financial statements.

Non-monetary assets and liabilities denominated in foreign currencies and recorded at fair value are translated on the date when their fair value is determined.

Gains or losses resulting from foreign currency translation are recorded in the consolidated statement of income.

Translation differences for non-monetary assets and liabilities denominated in foreign currencies (such as equity securities) are recorded as part of the change in fair value.

When consolidating the financial statements assets and liabilities of the branches and subsidiaries abroad are translated from the primary currency to the currency used in the financial statements using the average exchange rates prevailing on the consolidated statement of financial position date and declared by the Central Bank of Jordan, Revenue and expense items are translated using the average exchange rates during the year and exchange differences are shown in a separate item within the consolidated statement of other comprehensive income equity, In case of selling one of the subsidiaries or branches the related amount of exchange difference is booked in revenues/expenses in the consolidated statement of income.

Profit or loss resulting from the foreign exchange of interest-bearing debt instruments and within financial assets at fair value through other comprehensive income is included in the consolidated statement of income. Differences in the foreign currency translation of equity instruments are included in the cumulative change in fair value reserve within owner’s equity in the consolidated statement of financial position.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances with central banks and balances with banks and financial institutions maturing within three months less balances due to banks and financial institutions maturing within three months and restricted funds.

3. Changes In Accounting Policies

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2019 except for the adoption of new standards effective as of 1 January 2020 shown below:

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Bank, but may impact future periods should the Bank enter into any business combinations.

Amendments to IAS 1 and IAS 8: Definition of "Material"
The IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to, the Bank.

Amendments to IFRS 7 and IFRS 9 Interest Rate Benchmark Reform
Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7 includes a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Bank as it does not have any interest rate hedge relationships.

Amendments to IFRS 16 Covid-19 Related Rent Concessions
On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. This relates to any reduction in lease payments which are originally due on or before 30 June 2021. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification.

These amendments were implemented as of 1 June 2020. The application of these amendments has not had a substantial impact on the Bank's consolidated financial statements.

4. Significant Judgments And Estimates Used

Use of Estimate:
The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions as well as fair value changes reported in equity. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

The management believes that their estimates are reasonable' and are as follows:

A. Expected Credit Loss for Financial Instruments at Amortized Cost
in determining provision for expected credit loss for direct credit facilities, important judgement is required from the bank's management in the estimation of the amount and timing of future cash flows as well as an assessment of whether the credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL. The following are the most important judgments used:

Inputs, assumptions and techniques used for ECL calculation – IFRS 9 Methodology
Key concepts in IFRS 9 that have the most significant impact and require a high level of judgment, as considered by the Bank while determining the impact assessment, including the following:

• **Detailed explanation of the bank's internal credit rating system and its working mechanism.**
• The Bank relies on Moody's RA application to classify corporate credit risk ratings, which reviews and analyzes financial and objective information about the borrower. The program generates a comprehensive assessment of the creditworthiness of the borrower, that results in the probability of default (PD). The system classifies the corporate customers within 7 levels of active accounts and 3 levels of non- performing accounts. The probability of default (PD) increase with the level of risk, wherein, 3 segments are adopted at each level (grade) except for grade 1 as shown in the table below:

Risk Grade of the Customer	Credit Rating	Credit Quality
1	Aaa	Exceptional business credit, judged to be of highest quality, with minimal credit risk.
2+	Aa1	Very good business credit with very low credit risk.
2	Aa2	
2-	Aa3	
3+	A1	Low credit risk facilities.
3	A2	
3-	A3	
4+	Baa1	Moderate credit risk facilities.
4	Baa2	
4-	Baa3	
5+	Ba1	High credit risk facilities.
5	Ba2	
5-	Ba3	
6+	B1	Very high credit risk facilities.
6	B2	
6-	B3	
7+	Caa1	Weak Business credit: judged to be of poor standing and subject to very high credit risk.
7	Caa2	
7-	Caa3	
8	Default	Substandard facilities.
9	Default	Doubtful facilities.
10	Default	Loss facilities.

- Risk of individuals is measured based on portfolio valuation through customer behaviour records and their commitment for timely payments.
- Global ratings are used to measure the risk of other financial assets (fixed-rate financial instruments and credit claims on banks and financial institutions).

- **The mechanism for calculating expected credit losses (ECL) on financial instruments and for each item separately.**

The Bank has adopted a special mechanism for calculating expected credit losses based on the type of financial instrument:

- **Financial instruments for the portfolio of companies and instruments with fixed income and credit claims on banks and financial institutions:**

In calculating the expected credit losses for this portfolio, the Bank relies on a specialized and developed system from Moody's. Each customer / instrument is calculated individually at the level of each account / instrument.

- **Portfolio financial instruments:**

In collaboration with Moody's, the Bank has developed a retail portfolio model to calculate expected credit loss based on the requirements of the Standard. The provision for the Retail Portfolio is calculated on an aggregate basis.

Governs the application of the requirements of IFRS 9 and includes the responsibilities of the board of directors and executive management to ensure compliance with the requirements of the IFRS.

The Board of Directors has several specialized committees, each with its own objectives and () to implement the Standard.

- **Risk Management Committee**

- Review the implementation strategy of the standard and its impact on the risk management of the bank before its adoption by the Board.
- Keeping pace with developments affecting the Bank's risk management and reporting periodically to the Board.
- Verify that there is no difference between the actual risks taken by the Bank and the level of acceptable risks approved by the Board.
- To create the appropriate conditions to ensure the identification of risks that have a material impact and any activities carried out by the Bank that could expose it to risks greater than the acceptable risk level, report to the Board and follow up on their treatment.

- **Audit Committee**

- Review the financial statements after application of the Standard to verify the orders of the Central Bank of Jordan regarding the adequacy of the provisions and to give an opinion on the non-performing bank debts before submitting them to the Board of Directors.
- Review the observations contained in the reports of the Central Bank and the reports of the external auditor and follow up the actions taken thereon.
- Review the accounting issues that have a significant impact on the financial statements of the Bank and ensure the accuracy of the accounting and control procedures and their compliance.

- **Financial Department**

- Calculate ECL and customer classification based on the three stages quarterly in accordance with the accounting standards requirements and the Central Bank of Jordan requirements and the acquaintance of the executive management on the results of calculation.
- Make necessary accounting adjustments and restrictions after the results are approved and verify that all products have been calculated.
- Prepare the necessary disclosures in cooperation with the concerned departments in the bank in accordance with the requirements of the standard and the instructions of the Central Bank.

- **Risk Management Department**

- Participate with the departments in the development and construction of the business model, including the classification of the Bank's financial assets in accordance with the principles of IFRS 9.
- Calculate the ECL then classify the customers based on the three stages quarterly in accordance with the accounting standards requirements and the Central Bank of Jordan requirements and the acquaintance of the executive management on the results of calculation.
- Review and approve risk factors in accordance with the bank methodology and policy.

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

- **Corporate and fixed-income financial instruments and credit claims on banks and financial institutions:**

- Probability of default (PD): The percentage of the probability of the borrower defaulting or failing to meet the payment of the instalments or obligations towards the bank on its due dates.

The probability of default is calculated for each customer using Moody's Risk Analyst MRA, which is based on the customer's financial data and / or based on the objective evaluation of the customer.

The system has three calculation models to reach the default rate:
A. Large and medium-sized companies (with financial statements).
B. Small businesses (without financial statements).
C. Individuals with high solvency.

- **Loss Given Default (LGD)**

The percentage that represents the portion of the exposure that will be lost in case of default

The Loss Given Default (LGD) is calculated through a specialized system from Moody's. The system has a model calculation that is used to reach the (LGD):

A. Clean Basis Exposure: The loss ratio is calculated based on the economic sector, the probability of default and the geographical area of the customer.

B. Exposure to acceptable collateral Credits: which include the covered and unsecured portion, are considered when calculating losses at default. Haircut ratios are defined in accordance with the requirements of the Central Bank of Jordan

- **Exposure At Default (EAD):**

This is the present value of used and unused facilities at defaults, in addition to any outstanding receivables, plus any accrued interest not received.

All the above ratios shall be entered at the level of each account / instrument together with details of facilities / financial instruments on the expected credit loss calculation system which also calculates exposure at default (EAD).

- **Retail Portfolio:**

- Probability of Default (PD): is calculated based on the relationship between the historical regression ratios of each product and the economic variables.
- Loss Given Default (LGD) is calculated based on historical bad debts compared with its time of default.
- Exposure at Default (EAD) for both personal loans and housing loans is calculated based on future cash flows (cash flows according to repayment schedules) For credit cards, credit exposure is assumed to be equal to the current outstanding balance plus a certain percentage of the unutilized balance Based on a study by Moody’s.

Determines the significant change in credit risk that the Bank has relied on in calculating the expected credit losses.

Stage	Nature of the accounts within the stage.
First Stage Stage 1 (First recognition)	Regular financial instruments - Financial instruments with less than 40 days' receivables. Note that this period will be reduced by 10 days per year to become 30 days by the year 2021. - Customers with a risk rating of -6 and below. - Bonds and financial investments with a credit rating of B1 and above according to Moody's.
Second Stage Stage 2 (Credit quality decline)	Regular financial instruments that have shown a significant increase in credit risk since the date of initial recognition. - Financial instruments that have dues from 40-90 days, noting that the minimum period will be reduced by 10 days per year to become 30-90 days by the year 2021. - Current and under-exposed accounts if the period of non-payment is more than 30 days and less than 90 days. - Customers with a risk score of +7, 7, and 7. - Bonds and financial investments that carry a credit rating between B1 and Caa3 - A decline in the possibility of stumbling to the customer by 2% and above. - A decline in the credit rating since the initial recognition of bonds and financial investments by four degrees or more. - All accounts classified under observation. - The ceilings that have expired and have not been renewed or have not been postponed.
Third Stage Stage 3 (Decrease in credit value)	Unregulated financial instruments that have objective evidence / evidence to default with a negative impact on the future cash flow of the financial instrument.

1. The Bank's policy in identifying the common elements on which the credit risk and expected credit loss were measured on a collective basis.
The Retail Portfolio is calculated on a lump sum basis. The portfolio was divided into three categories:
1) Personal loans
2) Housing loans.
3) Credit cards.

These categories share the same credit characteristics:
4) Credit Product Type
5) Quality of guarantees

- **Macroeconomic Factors, Forward Looking Information (FLI) and Multiple Scenarios**

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk must consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information will require significant judgment from the bank's management.

PD, Loss Given Default (LGD) and Exposure At Default (EAD) inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio. Each macroeconomic scenario used in our expected credit loss calculation will have forecasts of the relevant macroeconomic variables.

Due to recent developments and the abnormal situation resulting from (Covid-19), an additional scenario was used by the management to calculate the expected credit losses for the year ending December 31, 2020. Accordingly, the bank updated the macroeconomic factors used in calculating the expected credit losses for the year ended December 31, 2020, in addition to changing the weights the probability of the weights assigned to the macroeconomic scenarios by giving a higher weight to the Downside scenario.

- The bank uses the following macroeconomic indicators when performing futuristic forecasts for the countries that it operates in:
1- Gross Domestic Product
2- Unemployment rate
3- Stock market index price
4- Oil prices

- The bank uses four scenarios to reach a probable value when to estimate the expected credit losses as follows:
1- Main scenario(Baseline) weighted 10%
2- Best scenario(Optimistic S1) weighted 20%
3- Worst case scenario 1 (Pessimistic S3) weighted 30%
4- Worst case scenario 2 (Pessimistic S4) weighted 40%

These scenarios are extracted from Data Buffet system of Moodys in 14 historical values format and 20 future estimated value(Forecasted) for all the previously mentioned macroeconomic indicators.

The probable options are estimated according to the best approximation related to the historical probability and current affairs. The probable scenarios are evaluated every three months. All scenarios are implemented to all the wallets that are subject to expected credit losses.

- **Definition of Default**

The definition of default used in the measurement of expected credit losses and the assessment to determine movement between stages will be consistent with the definition of default used for internal credit risk management purposes. IFRS 9 does not define default, but contains a rebuttable presumption that default has occurred when an exposure is greater than 90 days past due.

B. Income Tax

Income tax expenses represent accrued taxes and deferred taxes,

Income tax expenses are accounted for on the basis of taxable income, Moreover taxable income differs from income declared in the consolidated financial statements because the latter includes non-taxable revenues or taxable expenses disallowed in the current year but deductible in subsequent years accumulated losses acceptable by the tax law and items not accepted for tax purposes or subject to tax.

Taxes are calculated on the basis of the tax rates according to the prevailing laws regulations and instructions of the countries where the bank operates.

Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the consolidated financial statements and the value of the taxable amount, Deferred tax is calculated on the basis of the liability method in the consolidated statement of financial position according to the rates expected to be applied when the tax liability is settled or tax assets are recognized.

Deferred tax assets and liabilities are reviewed as of the date of the consolidated financial statements and reduced in case it is expected that no benefit will arise from payment or the elimination of the need for deferred tax liabilities partially or totally.

C. Fair Value

Fair value represents the closing market price (Assets Purchasing / Liabilities Selling) of financial assets and derivatives on the date of the consolidated financial statements in active markets, In case declared market prices do not exist active trading of some financial assets and derivatives is not available or the market is inactive fair value is estimated by one of several methods including the following:

- Comparison with the fair value of another financial asset with similar terms and conditions.
- Analysis of the present value of expected future cash flows for similar instruments.
- Adoption of the option pricing models.
- Evaluation of long-term assets and liabilities that bear no interest through discounting cash flows and amortizing premium / discount using the effective interest rate method within interest revenue / expense in the consolidated statement of income.

The valuation methods aim to provide a fair value reflecting the market's expectations taking into consideration the market expected risks and expected benefits when the value of the financial assets, When the financial assets fair value can't be reliably measured, they are stated at cost less any impairment.

5. Cash And Balances At The Central Bank Of Jordan

This item consists of the following:

	2020	2019
	JD	JD
Cash in vaults	17,489,435	18,794,330
Balances at Central Bank of Jordan:		
Statutory Cash reserve	57,296,556	68,252,880
Current accounts	121,655,035	42,038,400
Total	196,441,026	129,085,610

Except for the statutory cash reserve there are no restricted balances at the Central Bank of Jordan as of 31 December 2020 and 2019.
There are no certificates of deposits maturing in the period exceeding three months as of 31 December 2020 and 2019.

Cash and balances at the Central Bank of Jordan classification based on the Bank's internal credit rating is as follows:

	2020				2019
	Stage 1	Stage 2	Stage 3	Total	
	JD	JD	JD	JD	JD
Low risk (2 - 6)	178,951,591	-	-	178,951,591	110,291,280
Acceptable risk (7)	-	-	-	-	-
High risk (8 - 10)	-	-	-	-	-
Total balances as of 31 December 2020	178,951,591	-	-	178,951,591	110,291,280

The movement on balances at Central Bank of Jordan as of 31 December 2020 is as follows:

	2020				2019
	Stage 1	Stage 2	Stage 3	Total	
	JD	JD	JD	JD	JD
Total balances as of 1 January 2020	110,291,280	-	-	110,291,280	101,095,229
New balances	110,067,622	-	-	110,067,622	10,213,161
Paid balances	(41,407,311)	-	-	(41,407,311)	(1,017,110)
Total Balances as of 31 December 2020	178,951,591	-	-	178,951,591	110,291,280

The movement on expected credit losses for balances at Central Bank of Jordan as of 31 December 2020 is as follows:

	2020				2019
	Stage 1	Stage 2	Stage 3	Total	
	JD	JD	JD	JD	JD
Total balances as of 1 January 2020	-	-	-	-	-
New balances	-	-	-	-	-
Paid balances	-	-	-	-	-
Total balances as of 31 December 2020		-	-	-	-

6. Balances At Banks And Financial Institutions - Net

This item consists of the following:

Description	Local banks and financial institutions		Foreign banks and financial institutions		Total	
	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD
Current and call accounts	89,316	275,973	233,117,194	91,946,751	233,206,510	92,222,724
Deposits maturing within 3 months or less	-	-	78,999,280	199,256,268	78,999,280	199,256,268
Total	89,316	275,973	312,116,474	291,203,019	312,205,790	291,478,992
Less: ECL provision	-	-	(63,131)	(38,315)	(63,131)	(38,315)
	89,316	275,973	312,053,343	291,164,704	312,142,659	291,440,677

The balances at banks and financial institutions that bears no interest amounted to JD 243,658,477 as of 31 December 2020 (JD 92,220,593 as of 31 December 2019).

There are no restricted balances at banks and financial institutions as of 31 December 2020 and 2019.

Balances at banks and financial institutions' classification based on the Bank's internal credit rating.

	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Low risk (2 - 6)	297,075,547	-	-	297,075,547	286,055,028
Acceptable risk (7)	-	15,130,243	-	15,130,243	5,423,964
High risk (8 - 10)	-	-	-	-	-
Total	297,075,547	15,130,243	-	312,205,790	291,478,992

• The probability of default for the low risk classification varies between 0-0.89% and 0-0.30% in the prior year.

• The probability of default for the acceptable risk classification varies between 1.677%-1.689% and 0.96%-1% in the prior year.

The movement on balances at banks and financial institutions as of 31 December 2020 is as follows:

	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total Balances as of 1 January 2020	286,055,028	5,423,964	-	291,478,992	307,559,309
New balances	123,016,264	11,148,230	-	134,164,494	162,896,385
Paid balances	(111,995,745)	(1,441,951)	-	(113,437,696)	(178,976,702)
Total Balances as of 31 December 2020	297,075,547	15,130,243	-	312,205,790	291,478,992

The movement on the expected credit losses for balances at banks and financial institutions as of 31 December 2020 is as follows:

	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total Balances as of 1 January 2020	31,041	7,274	-	38,315	38,315
New balances	24,816	-	-	24,816	-
Paid balances	-	-	-	-	-
Total Balances as of 31 December 2020	55,857	7,274	-	63,131	38,315

7. Deposits At Banks And Financial Institutions - Net

This Item consists of the following:

Description	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD
Deposits maturing within 3 - 6 months	-	-	14,240,395	13,952,700	14,240,395	13,952,700
Deposits maturing within 6 - 9 months	-	-	-	5,459,892	-	5,459,892
Deposits maturing from 9 months to one year	-	-	-	5,488,036	-	5,488,036
Total	-	-	14,240,395	24,900,628	14,240,395	24,900,628
Less: ECL	-	-	(55,518)	(55,518)	(55,518)	(55,518)
Total	-	-	14,184,877	24,845,110	14,184,877	24,845,110

- There are no restricted balances at banks and financial institutions of 31 December 2020 and 2019.
- There are no restricted depoists as of 31 December 2020 and 2019.

Distribution of deposits at banks and financial institutions according to the Bank’s internal credit rating:

	2020				2019
	Stage 1 “individual”	Stage 2 “individual”	Stage 3 "Individual"	Total	Total
	JD	JD	JD	JD	JD
Low risk (2 - 6)	8,508,000	-	-	8,508,000	-
Acceptable risk (7)	-	5,732,395	-	5,732,395	24,900,628
High risk (8 - 10)	-	-	-	-	-
Total	8,508,000	5,732,395	-	14,240,395	24,900,628

- The probability of default varies to 0.61% to zero from the prior period.
- The acceptable probability of default varies to 1.677% - 1.689% compare to 0.96% - 1% in the prior year.

The movement on deposits at banks and financial institutions as of 31 December 2020 is as follows:

	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total Balances as of 1 January 2020	8,508,000	16,392,628	-	24,900,628	15,933,203
New balances	8,508,000	1,274,479	-	9,782,479	11,453,086
Paid balances	(8,508,000)	(11,934,712)	-	(20,442,712)	(2,485,661)
Total Balances as of 31 December 2020	8,508,000	5,732,395	-	14,240,395	24,900,628

The movement on the expected credit losses for deposits at banks and financial institutions as of 31 December 2020 is as follows:

	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total Balances as of 1 January 2020	-	55,518	-	55,518	55,518
New balances	-	-	-	-	-
Paid balances	-	-	-	-	-
Total Balances as of 31 December 2020	-	55,518	-	55,518	55,518

8. Financial Assets At Fair Value Through Profit Or Loss

This item consists of the following:

	2020	2019
	JD	JD
Quoted equity shares	1,246,038	1,203,192

9. Financial Assets At Fair Value Through Other Comprehensive Income

Financial assets at fair value through comprehensive income classified based on IFRS 9:

	2020	2019
	JD	JD
Quoted financial assets:		
Corporate shares	11,259,280	13,054,223
Corporate bonds	-	1,169,185
Total quoted financial assets	11,259,280	14,223,408
Unquoted financial assets:		
Corporate shares	5,938,934	5,842,433
Total unquoted financial assets	5,938,934	5,842,433
Expected credit loss	-	(6,000)
Total	17,198,214	20,059,841

Losses from financial assets through other comprehensive income amounted to (JD 1,181,754) as at 31 December 2020 (JD 3,606 as at 31 December 2019).

Cash dividends on the investments above amounted to JD 55,503 for the year ended 31 December 2020 (JD 206,501 for the year ended 31 December 2019).

Distribution of bonds based on the bank's internal credit rating:

	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Low risk (2 - 6)	-	-	-	-	1,169,185
Acceptable risk (7)	-	-	-	-	-
High risk (8 - 10)	-	-	-	-	-
Total	-	-	-	-	1,169,185

The probability of default is close to 0% when compares to 1.82% - 1.79% in the prior year.

The movement on bonds is as follows:

	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January 2020	1,169,185	-	-	1,169,185	-
New Balances	-	-	-	-	1,169,185
Paid Balances	(1,169,185)	-	-	(1,169,185)	-
Net Transferred in Stage 1	-	-	-	-	-
Net Transferred in Stage 2	-	-	-	-	-
Net Transferred in Stage 3	-	-	-	-	-
Balance as of 31 December 2020	-	-	-	-	1,169,185

The movement on provision for impairment against bonds is as follows:

	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January 2020	6,000	-	-	6,000	-
New Balances	-	-	-	-	6,000
Paid Balances	(6,000)	-	-	(6,000)	-
Net Transferred in Stage 1	-	-	-	-	
Net Transferred in Stage 2	-	-	-	-	
Net Transferred in Stage 3	-	-	-	-	
Balance as of 31 December 2020	-	-	-	-	6,000

10. Direct Credit Facilities - Net

This item consists of the following:

	2020	2019
	JD	JD
Individuals (Retail)		
Loans *	130,842,366	118,659,263
Credit cards	7,442,622	9,178,208
Housing loans	103,658,756	103,490,576
Large companies		
Loans *	382,807,094	344,070,349
Overdraft	89,663,167	86,903,535
Small and medium companies		
Loans *	37,820,588	24,661,859
Overdraft	4,086,526	5,512,579
Government & public sector	100,184,519	139,013,136
Total	856,505,638	831,489,505
Less: provision for impairment of direct credit facilities	(20,497,787)	(13,279,473)
Less: suspended interest	(2,959,351)	(2,737,109)
Net credit facilities	833,048,500	815,472,923

* Net after deducting interests and commission received in advance.

- Non-performing credit facilities amounted to 15,420,174 representing 1.8% of direct credit facilities balance as of 31 December 2020 (JD 13,512,644 representing 1.63% of the granting balance for the previous year).

- Non-performing credit facilities net of interest in suspense amounted to JD 14,014,657 representing 1.64% of direct credit facilities balance net of interest in suspense (JD 12,343,562 representing 1.49% for the previous year).

- Credit facilities granted to and guaranteed by the Jordanian Government amounted to JD 134,615,610 representing 15.72% of total direct credit facilities as of 31 December 2020 (JD 174,846,009 representing 21.03% for the previous year).

The movement on the direct credit facilities at as of 31 December 2020:

	2020						2019
	Individuals	Small and medium entities	Corporate	Real Estate Loans	Government and Public Sector	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance as of 1 January 2020	127,837,471	30,174,438	430,973,884	103,490,576	139,013,136	831,489,505	770,246,697
New balances through the year	20,156,642	17,316,309	79,408,511	5,542,562	-	122,424,024	179,990,661
Repaid balances	(8,498,890)	(7,012,330)	(52,949,669)	(4,686,395)	(38,828,617)	(111,975,901)	(110,301,049)
Net transferred in stage 1	(1,499,034)	(2,793,934)	(13,689,618)	(4,590,119)	-	(22,572,705)	(1,062,390)
Net transferred in stage 2	173,232	2,752,084	13,689,618	2,932,160	-	19,547,094	26,299
Net transferred in stage 3	1,325,802	41,850	-	1,657,959	-	3,025,611	1,036,091
Net effect resulted by changes on categories of stages	(90,250)	445,881	18,774,199	(477,625)	-	18,652,205	-
Changes from adjustments	-	1,969,237	(2,847,614)	-	-	(878,377)	(446,572)
Transferred to off balance sheet	(1,119,985)	(986,421)	(889,050)	(210,362)	-	(3,205,818)	(8,000,232)
Written off balances	-	-	-	-	-	-	-
Adjustments result from foreign exchange	-	-	-	-	-	-	-
Balance as of 31 December 2020	138,284,988	41,907,114	472,470,261	103,658,756	100,184,519	856,505,638	831,489,505

Provision for impairment of direct credit facilities as at 31 December 2020:

	2020						2019
	Individuals	Small and medium entities	Corporate	Real Estate Loans	Government and Public Sector	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance as of 1 January 2020	3,614,067	2,301,589	5,513,359	1,814,574	35,734	13,279,473	14,468,779
New balances through the year	5,602,578	2,259,139	3,613,109	509,963	19,111	12,003,900	4,216,956
Repaid balances	(200,867)	(625,239)	(2,865,251)	(701,336)	-	(4,392,693)	(2,045,502)
Net transferred in stage 1	24,524	7,502	1,548	10,365	-	43,939	112,616
Net transferred in stage 2	27,698	(7,712)	(1,548)	167,905	-	186,343	287,902
Net transferred in stage 3	(52,222)	210	-	(178,270)	-	(230,282)	(400,518)
Net effect resulted by changes on categories of stages	313,865	17,068	1,403,393	567,010	-	2,301,336	-
Changes from adjustments	34,136	89,947	142,921	-	-	267,004	11,779
Transferred to off balance sheet	(2,334,297)	(538,804)	-	(88,132)	-	(2,961,233)	(3,372,539)
Written off balances	-	-	-	-	-	-	-
Adjustments result from foreign exchange	-	-	-	-	-	-	-
Balance as of 31 December 2020	7,029,482	3,503,700	7,807,681	2,102,079	54,845	20,497,787	13,279,473
Redistribution:							
Provisions as Individual Level	3,116,673	1,163,774	7,144,852	1,637,925	54,845	13,118,069	6,654,513
Provisions as Aggregate Level	3,912,809	2,339,926	662,829	464,154	-	7,379,718	6,624,960
Provision Coverage Rate	5.08%	8.36%	1.65%	2.03%	0.05%	2.39%	1.6%

- The amount of 2,224,362 JOD was reversed and reclassified to the facilities provision.
- The opening balances were reclassified as per the Central Bank of Jordan regulation.
- The provisions requiring settlements or debt repayments amounted to 4,392,693 JD as at 31 December 2020 (2,495,160 as at 31 December 2019).

Direct credit facilities of individuals distributed into Credit rating categories based on Bank's internal system:

	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Low risk (2 - 6)	125,138,755	-	-	125,138,755	114,257,128
Acceptable risk (7)	-	9,429,625	-	9,429,625	11,715,530
High risk (8- 10)	-	-	3,716,608	3,716,608	1,864,813
Total	125,138,755	9,429,625	3,716,608	138,284,988	127,837,471

- The probability of low risks default ranges from 0.08% - 8.36% compared to 0.11% - 1.89% from the previous year.
- The probability of acceptable risks default ranges from 2.52% - 48.45% versus 1.29% - 15.9% from the previous year
- The probability of high risks default is 100% compared to 100% from the previous year.

Movement on the direct credit facilities for individuals:

	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January 2020	114,257,128	11,715,530	1,864,813	127,837,471	104,517,065
New balances through the year	17,589,276	987,649	1,579,717	20,156,642	27,972,556
Repaid balances	(5,168,170)	(3,212,452)	(118,268)	(8,498,890)	(2,910,055)
Net transferred in stage 1	183,387	(183,142)	(245)	-	-
Net transferred in stage 2	(556,944)	694,428	(137,484)	-	-
Net transferred in stage 3	(1,125,477)	(338,054)	1,463,531	-	-
Net effect resulted by changes on categories of stages	(40,445)	(1,657)	(48,148)	(90,250)	-
Changes from adjustments	-	-	-	-	55,721
Transferred to off balance sheet	-	(232,677)	(887,308)	(1,119,985)	(1,797,816)
Written off balances	-	-	-	-	-
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31 December 2020	125,138,755	9,429,625	3,716,608	138,284,988	127,837,471

Movement on ECL of individual facilities:

	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January 2020	2,093,674	244,348	1,276,045	3,614,067	4,440,231
New balances through the year	3,049,481	273,087	2,280,010	5,602,578	753,785
Repaid balances	(176,717)	(1,868)	(22,282)	(200,867)	(381,100)
Net transferred in stage 1	24,524	(1,152)	(23,372)	-	-
Net transferred in stage 2	-	31,003	(31,003)	-	-
Net transferred in stage 3	-	(2,153)	2,153	-	-
Net effect resulted by changes on categories of stages	(1,162)	(14,094)	329,121	313,865	-
Changes from adjustments	34,136	-	-	34,136	(475,501)
Transferred to off balance sheet	(1,537,760)	(29,869)	(766,668)	(2,334,297)	(723,348)
Written off balances	-	-	-	-	-
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31 December 2020	3,486,176	499,302	3,044,004	7,029,482	3,614,067
Rate of provision coverage	2.79%	5.30%	81.90%	5.08%	2.83%

Direct credit facilities of Small and medium entities distributed into Credit rating categories based on Bank’s internal system:

	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Low risk (2 - 6)	30,518,839	-	-	30,518,839	20,953,953
Acceptable risk (7)	-	10,263,433	-	10,263,433	7,153,902
High risk (8- 10)	-	-	1,124,842	1,124,842	2,066,583
Total	30,518,839	10,263,433	1,124,842	41,907,114	30,174,438

- The probability of default for the low risk ranges from 0.07% - 6.16% compared to 0.06% - 5.23% in the prior year.
- The probabitly of default for the acceptable risk ranges from 1.41% - 29.18% compared to 0.76%-16.68% in the prior year.
- The probability of high risks default is 100% compared to 100% in the previous year.

Movement on the direct credit facilities for small and medium entities:

	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January 2020	20,953,953	7,153,902	2,066,583	30,174,438	29,052,228
New balances through the year	15,798,900	1,392,785	124,624	17,316,309	6,694,029
Repaid balances	(5,356,047)	(1,529,586)	(126,697)	(7,012,330)	(7,429,770)
Net transferred in stage 1	980,814	(980,814)	-	-	-
Net transferred in stage 2	(3,774,748)	3,774,748	-	-	-
Net transferred in stage 3	-	(41,850)	41,850	-	-
Net effect resulted by changes on categories of stages	(37,842)	478,820	4,903	445,881	-
Changes from adjustments	1,953,809	15,428	-	1,969,237	7,594,432
Transferred to off balance sheet	-	-	(986,421)	(986,421)	(5,736,481)
Written off balances	-	-	-	-	-
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31 December 2020	30,518,839	10,263,433	1,124,842	41,907,114	30,174,438

Movement on ECL of small and medium entities facilities:

	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 01 January 2020	655,529	583,277	1,062,783	2,301,589	3,252,299
New balances through the year	758,862	1,152,344	347,933	2,259,139	853,777
Repaid balances	(7,972)	(214,684)	(402,583)	(625,239)	(77,040)
Net transferred in stage 1	7,746	(7,746)	-	-	-
Net transferred in stage 2	(244)	244	-	-	-
Net transferred in stage 3	-	(210)	210	-	-
Net effect resulted by changes on categories of stages	(4,392)	21	21,439	17,068	-
Changes from adjustments	3,436	86,511	-	89,947	666,344
Transferred to off balance sheet	(25,206)	(27)	(513,571)	(538,804)	(2,393,791)
Written off balances	-	-	-	-	-
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31 December 2020	1,387,759	1,599,730	516,211	3,503,700	2,301,589
Rate of provision coverage	4.55%	15.59%	45.89%	8.36%	7.63%

Direct credit facilities of corporate distributed into Credit rating categories based on Bank's internal system:

	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Low risk (2 - 6)	415,715,699	-	-	415,715,699	405,460,302
Acceptable risk (7)	-	51,265,122	-	51,265,122	20,032,753
High risk (8- 10)	-	-	5,489,440	5,489,440	5,480,829
Total	415,715,699	51,265,122	5,489,440	472,470,261	430,973,884

- The probability of default for the low risk ranges between 0.02% - 4.97% compared to 0.02% - 6.09% in the prior year.
- The probabilty of default for the acceptible risk ranges between 0.96% - 15.39% compared to 1.06% - 17.59% in the prior year.
- The probability of default for the high risk classification ranges between 100% to 100% from the prior year.

Movement on the direct credit facilities for corporate:

	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 01 January 2020	405,460,302	20,032,753	5,480,829	430,973,884	367,053,013
New balances through the year	76,992,762	2,407,138	8,611	79,408,511	137,989,007
Repaid balances	(50,095,843)	(2,853,826)	-	(52,949,669)	(66,024,984)
Net transferred in stage 1	8,066,619	(8,066,619)	-	-	-
Net transferred in stage 2	(21,756,237)	21,756,237	-	-	-
Net transferred in stage 3	-	-	-	-	-
Net effect resulted by changes on categories of stages	1,408,300	17,365,899	-	18,774,199	-
Changes from adjustments	(3,471,154)	623,540	-	(2,847,614)	(8,001,163)
Transferred to off balance sheet	(889,050)	-	-	(889,050)	(41,989)
Written off balances	-	-	-	-	-
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31 December 2020	415,715,699	51,265,122	5,489,440	472,470,261	430,973,884

Movement on ECL of corporate facilities:

	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 01 January 2020	2,911,205	651,455	1,950,849	5,513,509	5,055,567
New balances through the year	1,772,320	680,848	1,159,941	3,613,109	1,841,546
Repaid balances	(2,585,478)	(146,665)	(133,108)	(2,865,251)	(1,033,604)
Net transferred in stage 1	107,409	(107,409)	-	-	-
Net transferred in stage 2	(105,861)	105,861	-	-	-
Net transferred in stage 3	-	-	-	-	-
Net effect resulted by changes on categories of stages	(97,220)	1,500,613	-	1,403,393	-
Changes from adjustments	147,330	(4,409)	-	142,921	(347,213)
Transferred to off balance sheet	-	-	-	-	(2,787)
Written off balances	-	-	-	-	-
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31 December 2020	2,149,705	2,680,294	2,977,682	7,807,681	5,513,509
Rate of provision coverage	0.52%	5.23%	54.24%	1.65%	1.28%

Direct credit facilities of real estate loans distributed into Credit rating categories based on Bank's internal system:

	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Low risk (2 - 6)	91,845,105	-	-	91,845,105	95,200,999
Acceptable risk (7)	-	6,724,367	-	6,724,367	4,189,158
High risk (8- 10)	-	-	5,089,284	5,089,284	4,100,419
Total	91,845,105	6,724,367	5,089,284	103,658,756	103,490,576

- The probability of default for the low risk ranges between 0.26% - 4.27% compared to 0.03% - 4.0% in the prior year.
- The probabilty of default for the acceptible risk ranges between 4.84% - 7.15% compared to 4.98% - 7.14% in the prior year.
- The probability of default for the high risk classification ranges between 100% to 100% from the prior year.

Movement on the direct credit facilities for real estate loans:

	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 01 January 2020	95,200,999	4,189,158	4,100,419	103,490,576	100,855,698
New balances through the year	5,353,324	39,849	149,389	5,542,562	7,335,069
Repaid balances	(4,060,937)	(232,833)	(392,625)	(4,686,395)	(4,180,683)
Net transferred in stage 1	869,752	(638,177)	(231,575)	-	-
Net transferred in stage 2	(3,812,465)	4,628,846	(816,381)	-	-
Net transferred in stage 3	(1,647,406)	(1,058,509)	2,705,915	-	-
Net effect resulted by changes on categories of stages	(58,162)	(203,967)	(215,496)	(477,625)	-
Changes from adjustments	-	-	-	-	(95,562)
Transferred to off balance sheet	-	-	(210,362)	(210,362)	(423,946)
Written off balances	-	-	-	-	-
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31 December 2020	91,845,105	6,724,367	5,089,284	103,658,756	103,490,576

Movement on ECL of real estate loans facilities:

	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 01 January 2020	628,445	153,203	1,032,926	1,814,574	1,720,682
New balances through the year	215,724	74,979	219,260	509,963	732,114
Repaid balances	(289,432)	(1,555)	(410,349)	(701,336)	(553,758)
Net transferred in stage 1	46,262	(3,231)	(43,031)	-	-
Net transferred in stage 2	(34,282)	175,612	(141,330)	-	-
Net transferred in stage 3	(1,615)	(4,476)	6,091	-	-
Net effect resulted by changes on categories of stages	(46,262)	51,163	562,109	567,010	-
Changes from adjustments	-	-	-	-	168,149
Transferred to off balance sheet	(57,025)	-	(31,107)	(88,132)	(252,613)
Written off balances	-	-	-	-	-
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31 December 2020	461,815	445,695	1,194,569	2,102,079	1,814,574
Rate of provision coverage	0.50%	6.63%	23.47%	2.03%	1.75%

Direct credit facilities of government and public sector distributed into Credit rating categories based on Bank's internal system:

	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Low risk (2 - 6)	93,753,335	-	-	93,753,335	131,913,803
Acceptable risk (7)	-	6,431,184	-	6,431,184	7,099,333
High risk (8- 10)	-	-	-	-	-
Total	93,753,335	6,431,184	-	100,184,519	139,013,136

- The probability of default for the acceptable risk ranges from 2.51% - 1.29% in the prior year.

Movement on the direct credit facilities for government and public sector:

	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 01 January 2020	131,913,803	7,099,333	-	139,013,136	168,768,693
New balances through the year	-	-	-	-	-
Repaid balances	(38,160,468)	(668,149)	-	(38,828,617)	(29,755,557)
Net transferred in stage 1	-	-	-	-	-
Net transferred in stage 2	-	-	-	-	-
Net transferred in stage 3	-	-	-	-	-
Net effect resulted by changes on categories of stages	-	-	-	-	-
Changes from adjustments	-	-	-	-	-
Transferred to off balance sheet	-	-	-	-	-
Written off balances	-	-	-	-	-
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31 December 2020	93,753,335	6,431,184	-	100,184,519	139,013,136

Movement on ECL of government and public sector loans facilities:

	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 01 January 2020	-	35,734	-	35,734	-
New balances through the year	-	19,111	-	19,111	35,734
Repaid balances	-	-	-	-	-
Net transferred in stage 1	-	-	-	-	-
Net transferred in stage 2	-	-	-	-	-
Net transferred in stage 3	-	-	-	-	-
Net effect resulted by changes on categories of stages	-	-	-	-	-
Changes from adjustments	-	-	-	-	-
Transferred to off balance sheet	-	-	-	-	-
Written off balances	-	-	-	-	-
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31 December 2020	-	54,845	-	54,845	35,734
Rate of provision coverage	-	0.85%	-	0.05%	0.03%

Total direct credit facilities distributed into Credit rating categories based on Bank's internal system:

	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Low risk (2 - 6)	756,971,733	-	-	756,971,733	767,786,185
Acceptable risk (7)	-	84,113,731	-	84,113,731	50,190,676
High risk (8- 10)	-	-	15,420,174	15,420,174	13,512,644
Total	756,971,733	84,113,731	15,420,174	856,505,638	831,489,505

- The probability of default for the low risk ranges 0 - 8.36% compared to 0 - 6.09% in the prior year.
- The probability of default for the acceptable risk ranges from 0.96% - 48.45% compared to 0.76% - 17.59% in the prior year.
- The probability of default for the high risk classification ranges between 100% to 100% in the prior year.

Movement on the accumulated direct credit facilities:

	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January 2020	767,786,185	50,190,676	13,512,644	831,489,505	770,246,697
New balances through the year	115,734,262	4,827,421	1,862,341	122,424,024	179,990,661
Repaid balances	(102,841,465)	(8,496,846)	(637,590)	(111,975,901)	(110,301,049)
Net transferred in stage 1	10,100,572	(9,868,752)	(231,820)	-	-
Net transferred in stage 2	(29,900,394)	30,854,259	(953,865)	-	-
Net transferred in stage 3	(2,772,883)	(1,438,413)	4,211,296	-	-
Net effect resulted by changes on categories of stages	1,271,851	17,639,095	(258,741)	18,652,205	-
Changes from adjustments	(1,517,345)	638,968	-	(878,377)	(446,572)
Transferred to off balance sheet	(889,050)	(232,677)	(2,084,091)	(3,205,818)	(8,000,232)
Written off balances	-	-	-	-	-
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31 December 2020	756,971,733	84,113,731	15,420,174	856,505,638	831,489,505

Movement on ECL of accumulated direct credit facilities :

	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January 2020	6,288,853	1,668,017	5,322,603	13,279,473	14,468,779
New balances through the year	5,796,387	2,200,369	4,007,144	12,003,900	4,216,956
Repaid balances	(3,059,599)	(364,772)	(968,322)	(4,392,693)	(2,045,502)
Net transferred in stage 1	185,941	(119,538)	(66,403)	-	-
Net transferred in stage 2	(140,387)	312,270	(172,333)	-	-
Net transferred in stage 3	(1,615)	(6,839)	8,454	-	-
Net effect resulted by changes on categories of stages	(149,036)	1,537,703	912,669	2,301,336	-
Changes from adjustments	184,902	82,102	-	267,004	11,779
Transferred to off balance sheet	(1,619,991)	(29,896)	(1,311,346)	(2,961,233)	(3,372,539)
Written off balances	-	-	-	-	-
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31 December 2020	7,485,455	5,279,866	7,732,466	20,497,787	13,279,473
Rate of provision coverage	0.99%	6.28%	50.15%	2.39%	1.6%

Interest In Suspense:

The following is the movement on the interest in suspense:

For the year ended 31 December 2020	Individual	Housing loans	Large companies	Small and medium companies	Government and Public Sector	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	628,998	1,108,950	17,424	981,737	-	2,737,109
Add: Interest suspended during the year	625,215	501,478	8,610	160,207	-	1,295,510
Less: Interest in suspense reversed to revenues	(199,767)	(112,033)	-	(51,516)	-	(363,316)
Less: Interest in suspense transferred to off - statement of financial position accounts	(229,525)	(72,211)	-	(385,079)	-	(686,815)
Less: Interest in suspense written off	(5,623)	(17,514)	-	-	-	(23,137)
Balance at the end of the year	819,298	1,408,670	26,034	705,349	-	2,959,351

For the year ended 31 December 2019	Individual	Housing loans	Large companies	Small and medium companies	Government and Public Sector	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	436,606	1,004,742	9,305	1,632,696	-	3,083,349
Add: Interest suspended during the year	475,637	312,241	8,119	625,655	-	1,421,652
Less: Interest in suspense reversed to revenues	(70,157)	(102,823)	-	(84,150)	-	(257,130)
Less: Interest in suspense transferred to off - statement of financial position accounts	(189,026)	(105,210)	-	(1,192,464)	-	(1,486,700)
Less: Interest in suspense written off	(24,062)	-	-	-	-	(24,062)
Balance at the end of the year	628,998	1,108,950	17,424	981,737	-	2,737,109

Following is the economic sector of credit facilities - net:

	2020			2019
	Inside Jordan	Outside Jordan	Total	Total
	JD	JD	JD	JD
Financial	4,787,133	-	4,787,133	2,032,776
Industrial	229,403,404	-	299,403,404	212,319,284
Trading	225,844,549	29,567,402	255,411,951	237,440,782
Real Estate	97,185,103	2,962,904	100,148,007	100,567,052
Equities	306,977	-	306,977	505,487
Retail	128,066,029	2,370,178	130,436,207	123,594,406
Governmental and public sector	100,129,674	-	100,129,674	139,013,136
Transportation and Freight	5,538,917	-	5,538,917	-
Tourism and Hotels	6,886,230	-	6,886,230	-
Total	798,148,016	34,900,484	833,048,500	815,472,923

Following is the geographical distribution of credit facilities- net:

	2020	2019
	JD	JD
Inside Jordan	798,148,016	766,525,009
Asia	26,619,992	43,094,326
Europe	8,280,492	5,853,588
Total	833,048,500	815,472,923

11. Financial Assets At Amortized Cost - Net

This item consists of the following:

	2020	2019
	JD	JD
Quoted financial assets		
Governmental bonds and with their guarantee	-	-
Foreign government bonds	1,411,322	5,867,892
Companies bonds	13,533,973	16,928,398
Total quoted financial assets	14,945,295	22,796,290
Unquoted financial assets		
Governmental bonds and with their guarantee	671,503,426	685,519,935
Companies bonds	1,582,500	3,582,500
Total unquoted financial assets	673,085,926	689,102,435
Total quoted and unquoted financial assets	688,031,221	711,898,725
Less: Provision for impairment	(388,203)	(280,292)
Total	687,643,018	711,618,433

Debt instruments analysis:

	2020	2019
	JD	JD
Fixed rate	669,811,386	693,754,726
Variable rate	17,831,632	17,863,707
Total	687,643,018	711,618,433

Financial assets at amortized cost classifications based on the Bank's internal credit rating:

	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Low risk (2 - 6)	687,448,721	-	-	687,448,721	711,316,225
Acceptable risk (7)	-	-	-	-	-
High risk (8 - 10)	-	-	582,500	582,500	582,500
Total	687,448,721	-	582,500	688,031,221	711,898,725

• The probability of default for the low risk classification ranges between 0-3% and 0-4.71% in the prior year.
• The probability of default for the high risk classification ranges between 100% to 100% in the prior year.

The movement on the financial assets at amortized cost during 2020 is as follows:

	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total balance as of 1 January 2020	711,316,225	-	582,500	711,898,725	688,216,965
New balances during the year	39,631,253	-	-	39,631,253	195,636,980
Paid balances	(63,498,757)	-	-	(63,498,757)	(171,955,220)
Net transferred in stage 1	-	-	-	-	-
Net transferred in Stage 2	-	-	-	-	-
Net transferred in Stage 3	-	-	-	-	-
Total balance as of 31 December 2020	687,448,721	-	582,500	688,031,221	711,898,725

The movement of the ECL of the financial assets at amortized cost is as follows:

	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total Balances as of 1 January 2020	84,292	-	196,000	280,292	193,792
New balances	60,635	-	66,500	127,135	86,500
Paid balances	(19,224)	-	-	(19,224)	-
Total Balances as of 31 December 2020	125,703	-	262,500	388,203	280,292

12. Investment In Associate Company

The following is the movement on the investment in the associate company:

	2020	2019
	JD	JD
Balance at the beginning of the year	20,687,223	19,011,340
The Bank's share in the associate company's profit	517,295	1,034,715
Foreign currency translation adjustment	802,836	641,168
Balance at the end of the year	22,007,354	20,687,223

- Investment in associate company represents the Bank's share in Jordan International Bank/ London (United Kingdom, which amounts to 25% of capital (GBP 65,000,000), the Bank's share in net income for the year ended 31 December 2020 was calculated based on latest unaudited available financial statements as of 31 December 2020, in addition to Bank's share percentage which is 25%.

- The Bank's right to vote on the General Assembly's decisions regarding this investment is based on the ownership percentage in the investment.

The Bank's share in the associate company's assets, liabilities, and revenues is as follows:

	2020	2019
	JD	JD
Total assets	353,542,629	355,944,425
Total liabilities	265,513,213	273,195,533
Net assets	88,029,416	82,748,892
The Bank's share in net assets	22,007,354	20,687,223
Net income for the year	2,069,176	4,138,860
The Bank's share in net income for the year	517,295	1,034,715

The Bank's share of 25% in the assets and liabilities and net profit of Jordan International Bank / London has been calculated for the year 2020 as shown above according to the latest financial statements available on 31 December 2020.

13. Property And Equipment - Net

This item consists of the following:

For the year-ended 31 December 2020	Land	Buildings	Equipment furniture and fixtures	Vehicles	Computers	Solar Energy	Others	Payments to acquire property and equipments	Right of use	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost										
Balance at the beginning of the year	22,555,514	38,936,517	13,259,454	1,705,666	2,997,360	4,395,227	8,363,189	1,463,482	3,891,911	97,568,320
Additions	-	17,529	207,866	150,200	284,148	-	93,154	825,523	258,835	1,837,255
Disposals	-	-	(533,152)	(14,388)	(9,332)	-	(476,248)	(46,510)	(50,421)	(1,130,051)
Transfers*	-	-	98,092	-	106,589	-	412,797	(1,102,415)	-	(484,937)
Balance at the end of the Year	22,555,514	38,954,046	13,032,260	1,841,478	3,378,765	4,395,227	8,392,892	1,140,080	4,100,325	97,790,587
Accumulated depreciation :										
Balance at the beginning of the year	-	(3,865,859)	(7,959,030)	(1,204,765)	(2,339,730)	(237,938)	(4,811,547)	-	(670,713)	(21,089,582)
Depreciation for the year	-	(810,181)	(765,438)	(218,334)	(203,357)	(219,761)	(510,335)	-	(794,022)	(3,521,428)
Disposals	-	-	528,479	14,384	8,699	-	448,338	-	50,421	1,050,321
Balance at the end of the year	-	(4,676,040)	(8,195,989)	(1,408,715)	(2,534,388)	(457,699)	(4,873,544)	-	(1,414,314)	(23,560,689)
Net property and equipment at the end of the year	22,555,514	34,278,006	4,836,271	432,763	844,377	3,937,528	3,519,348	1,140,080	2,686,011	74,229,898

* Transfers represents an amount of JD 484,937 which has been transferred to intangible assets – note (14).

For the year-ended 31 December 2019	Land	Buildings	Equipment furniture and fixtures	Vehicles	Computers	Solar Energy	Others	Payments to acquire property and equipments	Right of use	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost										
Balance at the beginning of the year	22,555,514	38,936,517	13,305,686	1,607,038	3,091,572	4,384,247	7,777,664	1,122,338	-	92,780,576
IFRS (16) Effect	-	-	-	-	-	-	-	-	3,147,078	3,147,078
Amendment balance	22,555,514	38,936,517	13,305,686	1,607,038	3,091,572	4,384,247	7,777,664	1,122,338	3,147,078	95,927,654
Additions	-	-	316,291	153,628	112,998	10,980	552,564	1,092,117	744,833	2,983,411
Disposals	-	-	(368,411)	(55,000)	(216,941)	-	(111,653)	(9,300)	-	(761,305)
Transfers*	-	-	5,888	-	9,731	-	144,614	(741,673)	-	(581,440)
Balance at the end of the Year	22,555,514	38,936,517	13,259,454	1,705,666	2,997,360	4,395,227	8,363,189	1,463,482	3,891,911	97,568,320
Accumulated depreciation :										
Balance at the beginning of the year	-	(3,055,811)	(7,546,354)	(1,065,859)	(2,360,986)	(18,268)	(4,431,706)	-	-	(18,478,984)
Depreciation for the year	-	(810,048)	(778,520)	(193,905)	(195,317)	(219,670)	(486,847)	-	(670,713)	(3,355,020)
Disposals	-	-	365,844	54,999	216,573	-	107,006	-	-	744,422
Balance at the end of the year	-	(3,865,859)	(7,959,030)	(1,204,765)	(2,339,730)	(237,938)	(4,811,547)	-	(670,713)	(21,089,582)
Net property and equipment at the end of the year	22,555,514	35,070,658	5,300,424	500,901	657,630	4,157,289	3,551,642	1,463,482	3,221,198	76,478,738

* Transfers represents an amount of JD 581,440 which has been transferred to intangible assets- note (14).
- Property and equipment consists of assets that has been fully depreciated amounting to JD 12,637,465 as of 31 December 2020 (JD 11,786,197 as of 31 December 2019).

14. Intangible Assets - Net

This item consists of the following:

	Computer's Software and programs	
	2020	2019
	JD	JD
Balance at the beginning of the year	1,606,866	694,005
Additions	327,751	842,665
Transfers (Note 13)*	484,937	581,440
Disposals	(192)	(45)
Amortization for the year	(628,815)	(511,199)
Balance at the end of the Year	1,790,547	1,606,866

* This represents what has been transferred from payments to acquire property and equipment during the year 2019 and 2020.

15. Other Assets

This item consists of the following:

	2020	2019
	JD	JD
Accrued interest and commissions revenue	16,462,583	18,134,721
Prepaid expenses	1,373,880	1,592,163
Assets seized by the Bank *	17,131,863	17,145,263
Stationery and printing	316,783	286,972
Refundable deposits	458,275	457,236
Cheque clearing	13,703	62,728
Others	1,158,218	1,357,480
Total	36,915,305	39,036,563

*** The following is the movement on the assets seized by the Bank:**

	2020	2019
	JD	JD
Balance at the beginning of the year	18,984,263	16,984,544
Additions	517,296	2,684,912
Disposals	(530,696)	(685,193)
	18,970,863	18,984,263
Less: Provision for assets seized by the Bank **	(1,839,000)	(1,839,000)
Balance at the end of the year	17,131,863	17,145,263

** According to Central Bank of Jordan’s Law, buildings and plots of land that were foreclosed by the Bank against debts due from clients should be sold within two years from the foreclosure date, however this period could be extended for two more years in exceptional cases by the Central Bank of Jordan.

The movement on provision for assets seized by the Bank is as follows:

	2020	2019
	JD	JD
Balance-Beginning of the year	1,839,000	1,839,000
Balance- End of the year	1,839,000	1,839,000

16. Banks And Financial Institution’s Deposits

This item consists of the following:

	2020			2019		
	Inside the Kingdom	Outside the Kingdom	Total	Inside the Kingdom	Outside the Kingdom	Total
	JD	JD	JD	JD	JD	JD
Current accounts and demand deposits	2,141,483	4,342,070	6,483,553	3,327,624	5,699,325	9,026,949
Time deposits due within 3 months	231,923,362	285,272,565	517,195,927	152,878,425	364,899,867	517,778,292
Time deposits 3 - 6 months	-	2,127,000	2,127,000	-	2,127,000	2,127,000
Time deposits 6 - 9 months	-	-	-	-	709,000	709,000
Time deposits over 1 year	74,000,000	-	74,000,000	90,000,000	-	90,000,000
Total	308,064,845	291,741,635	599,806,480	246,206,049	373,435,192	619,641,241

17. Customer Deposits

This item consists of the following:

31 December 2020	Individual	Large companies	Small and medium companies	Government and Public Sector	Total
	JD	JD	JD	JD	JD
Current accounts and demand deposits	101,112,101	90,389,170	46,692,635	9,386,694	247,580,600
Saving accounts	155,385,252	679,114	912,235	9,078	156,985,679
Time deposits	578,555,704	51,828,858	31,644,683	108,124,550	770,153,795
Total	835,053,057	142,897,142	79,249,553	117,520,322	1,174,720,074
31 December 2019					
Current accounts and demand deposits	87,779,612	75,826,193	50,043,908	13,230,173	226,879,886
Saving accounts	160,518,453	1,053,746	1,044,820	16,651	162,633,670
Time deposits	521,957,071	48,475,116	17,512,127	114,828,469	702,772,783
Total	770,255,136	125,355,055	68,600,855	128,075,293	1,092,286,339

- Deposits of the government and the general public sector inside the kingdom of Jordan amounted to JD 117,520,322 equivalent to 10% from the total deposits as of 31 December 2020 (JD 92,625,293 equivalent to 11.73% as of 31 December 2019).
- Non-interest bearing deposits amounted to JD 226,379,160 equivalent to 19.27% of total deposits as of 31 December 2020 (JD 212,038,242 equivalent to 19.41% as of 31 December 2019).
- Restricted deposits amounted to JD 4,719,881 equivalent to 0.40% of total deposits as of 31 December 2020 of which JD 3,790 is at Cyprus branch and JD 4,716,091 at Jordan Branches (JD 2,948,422 equivalent to 0.27% as of 31 December 2019 of which JD 3,456 is at Cyprus branch and JD 2,944,966 at Jordan branches).
- Dormant deposits amounted to JD 1,227,045 as of 31 December 2020 (JD 1,421,221 for the previous year).

18. Borrowed Money From The Central Bank Of Jordan

This item consists of the following:

31 December 2020	Amount	Maturity date	Collaterals	Payment terms	Interest rate
Central Bank of Jordan	55,000,000	3 January 2021	Treasury Bonds	One payment	2%
Central Bank of Jordan	6,250,000	6 January 2021	Treasury Bonds	One payment	2%
Central Bank of Jordan	12,272,727	12 January 2021	Treasury Bonds	One payment	2%
Central Bank of Jordan	13,550,136	11 January 2021	Treasury Bonds	One payment	2%
Central Bank of Jordan	8,333,333	12 January 2021	Treasury Bonds	One payment	2%
Central Bank of Jordan- productive projects funding	7,904,427	-	Demand bills of exchange	As periodic maturity	0.5%-1%
Central Bank of Jordan – national program facing covid-19 crisis	17,156,009	-	Demand bills of exchange	Monthly payments	0%
Central Bank of Jordan – National Program stand up (Inhadd)	163,000	-	Demand bills of exchange	Monthly payments	1%
Total	120,629,632				
31 December 2019					
Central Bank of Jordan	100,000,000	8 December 2020	Treasury bonds	One payment	4.75%
Central Bank of Jordan	4,457,503	30 September 2025	Demand bills of exchange	Monthly payments	1.75%
Total	104,457,503				

19. Cash Margins

This item consists of the following:

	2020	2019
	JD	JD
Cash margins against direct credit facilities	33,950,480	32,042,806
Cash margins against indirect credit facilities	7,212,542	8,253,127
Total	41,163,022	40,295,933

20. Sundry Provisions

This item consists of the following:

2020	Beginning balance	Provided during the year	Used During the Year	Ending Balance
	JD	JD	JD	JD
Provision for end of service indemnity	514,920	64,936	(37,712)	542,144
Lawsuits provision	162,652	740,000	(742,235)	160,417
Total	677,572	804,936	(779,947)	702,561
2019				
Provision for end of service indemnity	507,183	59,398	(51,661)	514,920
Lawsuits provision	99,691	108,000	(45,039)	162,652
Total	606,874	167,398	(96,700)	677,572

21. Income Tax

A- Income tax provision

The movement on the income tax provision is as follows

	2020	2019
	JD	JD
Balance at the beginning of the year	7,334,878	6,866,156
Income tax paid	(8,226,766)	(6,974,378)
Accrued income tax expense	8,323,207	7,443,100
Balance at the end of the year	7,431,319	7,334,878

B - Income tax in the consolidated statement of income represents the following:

	2020	2019
	JD	JD
Accrued Income tax expense for the year	8,323,207	7,443,100
Amortization of deferred tax assets	(2,835,431)	19,631
Total	5,487,776	7,462,731

C- Tax situation

The Bank has reached a final settlement with the Income and Sales Tax Department for all previous years up to 2017 , In addition, the file of 2014 was reopened during the year 2017 by the Income and Sales Tax Department where the bank will not incur any additional tax charges for that year.

The Bank has submitted its tax returns for the years 2018 and 2019, noting that the income and sales tax department did not review the company date until the date of issuance of these financial statements.

United Arab Jordan Company for Investment and Financial Brokerage (a subsidiary) has reached a final settlement with the Income and Sales Tax Department in Jordan up to the year 2016, In addition the company has submitted its tax returns for the years 2017,2018, and 2019 noting that the income tax department did not review the company data for these years up until the date of issuance of these financial statements, All tax balances due were paid by the company.

A final tax settlement has been reached for the bank in Qatar up to the year 2019.

A final tax settlement has been reached for Cyprus branch up to the year 2019.

The Bank has booked a provision against any expected tax liabilities for the declared years which includes the above-mentioned years, in the opinion of the bank's management and its tax consultant the income tax provision booked in the consolidated financial statement is sufficient to cover any future tax liabilities that may arise.

D- Deferred Tax Assets

The details of this item are as follows:

	2020					2019
	Beginning of the Year	Amount Released	Additional Amounts	End of the Year	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
Accounts Included						
Provision for impairment of direct credit facilities (Stage 1 & 2)	1,202,335	-	7,485,079	8,687,414	3,301,217	456,887
Provision for staff end-of-service Indemnity*	169,284	(23,420)	-	145,864	55,429	64,328
	1,371,619	(23,420)	7,485,079	8,833,278	3,356,646	521,215

* Deferred tax assets has not been calculated on the total balance of end-of-service indemnity provision as a part of this balance relates to Arab Jordan Investment Bank - Qatar,

The movement on deferred tax assets is as follows:

	2020	2019
	JD	JD
Balance at the beginning of the year	521,215	540,846
Addition	2,844,330	-
Released	(8,899)	(19,631)
Balance at the end of the year	3,356,646	521,215

E-Reconciliation between accounting profit and taxable profit is as follows:

	2020	2019
	JD	JD
Accounting profit	17,024,479	23,665,970
Non-taxable income	(2,082,950)	(1,131,415)
Non- deductible expenses	9,071,079	458,000
Taxable profit	24,012,608	22,992,555
Income tax for the year	8,323,207	7,443,100
Effective income tax rate	32.23%	31.53%

According to the Income Tax Law No, (38) for the year 2019 which has come effective from 1 January 2020 income tax expense was calculated at tax rate of 35% and 3% social contribution, as of 31 December 2020 and for the year 31 December 2019.

The tax rate on the Bank's branch in Cyprus is 12.5 % and the subsidiary in Qatar is 10% and 24% for the subsidiary in Jordan.

Deferred tax assets are calculated by 38% of provision for impairment, end of service provision and other provisions as of 31 December 2020, where the management thinks that the deferred taxes are due in future periods.

22. Other Liabilities

This item consists of the following:

	2020	2019
	JD	JD
Accrued interest expense	5,823,626	8,634,253
Accounts payable	14,036,908	31,441,051
Accrued and unpaid expenses	1,997,971	1,670,897
Transfers and checks payable	206,374	289,923
Bank cheques issued	2,203,452	2,477,382
Safe boxes deposits	152,137	145,966
Other deposits	259,351	155,875
Creditors	469,665	592,756
Dividends payable	895,392	1,245,410
Due to income tax	113,290	142,326
Restricted deposits	39,801	40,373
ECL (Indirect credit facilities)	911,740	428,193
Prepaid Revenues	578,107	597,119
Lease liabilities	2,456,041	2,926,261
Others	1,033,446	722,387
Total	31,177,301	51,510,179

Indirect credit facilities classification based on the Bank's internal credit rating is as follows:

	2020																	2019
	Letters of guarantee				Letters of credit				Acceptances				Unused Balanced				Total	Total
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total		
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance as of 1 January 2020	96,162,291	-	-	96,162,291	17,173,955	-	-	17,173,955	39,824,400	-	-	39,824,400	95,711,183	-	-	95,711,183	248,871,829	237,072,042
New balances	-	-	-	-	-	-	-	-	-	-	-	-	-	2,385,660	-	2,385,660	2,385,660	2,755,754
Paid balances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as of 31 December 2020	96,162,291	-	-	96,162,291	17,173,955	-	-	17,173,955	39,824,400	-	-	39,824,400	95,711,183	2,385,660	-	98,096,843	251,257,489	239,827,796

- The probability of default for the low risk classification ranges between 0-5.93% and 0-5.57% in the prior year.
- The probability of default for the acceptable risk classification ranges between 2.51% - 11.16% and 3.01%-13.81% in the prior year.

The movement on the indirect credit facilities as of 31 December 2020 is as follows:

	2020																	2019
	Letters of guarantee				Letters of credit				Acceptances				Unused Balanced				Total	Total
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total		
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance as of 1 January 2020	87,435,311	-	-	87,435,311	25,314,162	-	-	25,314,162	49,937,860	-	-	49,937,860	74,384,709	2,755,754	-	77,140,463	239,827,796	168,873,998
New balances	9,327,238	-	-	9,327,238	-	-	-	-	-	-	-	-	21,326,474	-	-	21,326,474	30,653,712	93,953,498
Paid balances	(600,258)	-	-	(600,258)	(8,140,207)	-	-	(8,140,207)	(10,113,460)	-	-	(10,113,460)	-	(370,094)	-	(370,094)	(19,224,019)	(22,999,700)
Balance as of 31 December 2020	96,162,291	-	-	96,162,291	17,173,955	-	-	17,173,955	39,824,400	-	-	39,824,400	95,711,183	2,385,660	-	98,096,843	251,257,489	239,827,796

The following is the movement on the provision for impairment of indirect credit facilities:

	2020																	2019
	Letters of guarantee				Letters of credit				Acceptances				Unused Balanced				Total	Total
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total		
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance as of 1 January 2020	136,812	-	-	136,812	42,707	-	-	42,707	248,674	-	-	248,674	-	-	-	-	428,193	428,193
New balances	89,045	-	-	89,045	20,000	-	-	20,000	24,502	-	-	24,502	230,000	120,000	-	350,000	483,547	-
Paid balances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as of 31 December 2020	225,857	-	-	225,857	62,707	-	-	62,707	273,176	-	-	273,176	230,000	120,000	-	350,000	911,740	428,193

23. Paid-Up Capital

The paid-up capital of the Bank is JD 150,000,000 divided into 150,000,000 shares at a par value of JD 1 each as of 31 December 2019 and 2020,

24. Reserves

Statutory Reserve

The amount accumulated in this account is transferred from the annual net income before tax at 10% during the year and previous years according to the companies Law, this reserve cannot be distributed to shareholders,

The restricted reserves are as follows:

Reserve	Amount	Nature of restriction
	JD	
Statutory reserve	34,697,058	According to companies laws

25. Foreign Currency Translation Adjustments

This represents differences resulting from the translation of the net investment in associates and foreign branches outside of Jordan upon consolidation of the financial statements of the Bank and the movement for this account is the following:

	2020	2019
	JD	JD
Balance at the beginning of the year	(2,955,229)	(3,596,397)
Movement during the year	802,836	641,168
Balance at the end of the year	(2,152,393)	(2,955,229)

26. Fair Value Reserve - Net

The details of fair value reserve for financial assets at fair value through other comprehensive income according to the international financial reporting standard (9) are as follows:

	2020	2019
	JD	JD
Balance at the beginning of the year	(2,067,878)	(1,891,990)
Unrealized (losses)	(1,306,889)	(247,553)
Realized losses	294,890	71,665
Balance at the end of the year	(3,079,877)	(2,067,878)

- There are no hedging derivatives,

- It is restricted to use the negative fair value amounting to JD (3,079,877), including capitalization, distribution, or amortization of losses or any other use, except to that realized from the sales operations based on the instructions of the Central Bank of Jordan.

27. Retained Earnings

The movement on retained earnings account as the following:

	2020	2019
	JD	JD
Balance at the beginning of the year	18,501,288	17,479,705
Profit for the year	10,814,391	14,871,803
(Losses) from sale of financial assets through comprehensive income	(1,181,754)	(3,606)
Transferred to reserves	(1,484,975)	(1,991,773)
Transferred of issuance premium	-	1,418,000
Transferred of the subsidiary losses	-	227,159
Distributed dividends to shareholders	-	(13,500,000)
Balance at the end of the year	26,648,950	18,501,288

- Retained earnings include an amount of JD 3,356,646 as of 31 December 2020 (JD 521,215 as of 31 December 2019) restricted against deferred tax assets.

- Retained earnings include an amount of JD 1,072,606 restricted balance according to the Central Bank of Jordan memo No, (10/1/7702) which is related to the early implementation of IFRS 9.

28. Proposed Dividends To The General Assembly

The Board of Directors of the General Assembly of Shareholders recommended the distribution of 10% of capital as cash dividends to the shareholders equivalent to JD 15,000,000 subject to the approval of the General Assembly of Shareholder(No dividends were distributed in 2019).

29. Non-Controlling Interest

This item represents other shareholders' interest of 50% (minus two shares) as of 31 December 2020 from the net shareholders' equity of Arab Jordan Investment Bank in Qatar (subsidiary company).

30. Interest Income
This item consists of the following:

	2020 JD	2019 JD
Direct credit facilities:		
Individuals (retail):		
Loans	9,618,221	9,465,044
Credit cards	1,214,048	1,267,472
Real estate loans	8,054,759	9,356,066
Large companies		
Loans	15,871,625	15,351,954
Overdraft	4,448,464	5,480,376
Small and medium companies		
Loans	5,484,588	4,905,854
Overdraft	517,634	600,210
Government and public sector	6,780,449	8,417,901
Balances at the Central Bank of Jordan	36,274	2,418
Balances and deposits at banks and financial institutions	2,085,621	5,330,008
Financial assets at amortized cost	36,364,769	37,166,972
Total	90,476,452	97,344,275

31. Interest Expense
This item consists of the following:

	2020 JD	2019 JD
Deposits from banks and financial institutions	11,946,575	23,561,252
Customer deposits:		
Current accounts and demand deposits	1,314,675	1,352,806
Saving accounts	709,637	1,378,300
Time and notice deposits	23,916,689	26,035,373
Rent interest	103,182	21,937
Cash margins	526,781	525,953
Deposits guarantee	1,090,724	1,009,968
Total	39,608,263	53,885,589

32. Net Commissions Income
This item consists of the following:

	2020 JD	2019 JD
Commissions income:		
Direct credit facilities	1,533,595	1,754,471
Indirect credit facilities	5,447,366	8,304,874
Less: Commissions expense	(1,425,958)	(1,803,590)
Net commissions income	5,555,003	8,255,755

33. Foreign Currencies Income

This item consists of the following:

	2020	2019
	JD	JD
Resulting from trading	2,630,150	3,814,169
Resulting from revaluation	54,265	80,558
Total	2,684,415	3,894,727

34. Gain (Loss) From Financial Assets At Fair Value Through Profit Or Loss

The details of gains on financial assets of fair value through profit and loss in accordance with IFRS (9) are as follows:

For the year ended 31 December 2020	Dividends	Realized gains	Unrealized gains	Total
	JD	JD	JD	JD
Corporate equity shares	-	28,685	149,955	178,640
Total	-	28,685	149,955	178,640

For the year ended 31 December 2019	Dividends	Realized gains	Unrealized (losses)	Total
	JD	JD	JD	JD
Corporate equity shares	6,600	77,785	(231,039)	(146,654)
Total	6,600	77,785	(231,039)	(146,654)

35. Cash Dividends On Financial Assets At Fair Value Through Other Comprehensive Incom

This item consists of the following:

	2020	2019
	JD	JD
Dividends return on local financial assets	55,503	94,065
Dividends return on foreign financial assets	-	112,436
Total	55,503	206,501

36. Provision For Expected Credit Losses

This item consists of the following:

	2020 stage 1 JD	2019 stage 1 JD	2020 stage 2 JD	2019 stage 2 JD	2020 stage 3 JD	2019 stage 3 JD	2020 Total JD	2019 Total JD
Bonds through other comprehensive income	-	6,000	-	-	-	-	-	6,000
Bonds at amortized cost	60,635	-	-	-	66,500	86,500	127,135	86,500
Direct credit facilities	4,997,016	170,328	3,455,402	-	3,951,491	2,001,126	12,403,909	2,171,454
Banks	24,815	-	-	-	-	-	24,815	-
Indirect credit facilities	363,547	-	120,000	-	-	-	483,547	-
Total	5,446,013	176,328	3,575,402	-	4,017,991	2,087,626	13,039,406	2,263,954

37. Other Income

This item consists of the following:

	2020 JD	2019 JD
(Losses) Gains from sale of property and equipment	(15,334)	4,551
(Losses) Gains from sales of repossessed assets	(90,696)	74,045
Returns from managed portfolios	12,447	15,760
Commission of salary transfer	47,731	58,710
Returns from shares trading on behalf of customers	217,312	199,411
Recorded revenues from pervious provisions	2,230,362	-
Recovered revenues from bad debts	322,230	553,805
Revenues from credit cards sponsorship	117,390	56,685
Other revenues	722,110	532,882
Total	3,563,552	1,495,849

38. Employees Expenses

This item consists of the following:

	2020 JD	2019 JD
Salaries, bonuses and employees benefits	12,908,023	12,847,540
Bank's contribution in social security	1,466,463	1,427,468
Bank's contribution in saving fund	500,760	406,910
Employees' life insurance	177,329	176,416
Medical expenses	694,774	758,778
Staff training	2,022	46,433
Travel expenses	62,922	195,370
Other	109,959	104,722
Total	15,922,252	15,963,637

39. Other Expenses

This item consists of the following:

	2020	2019
	JD	JD
Short – term rent	1,488,635	1,640,013
Stationery and printing	324,970	301,080
Subscriptions	742,293	710,769
Legal and audit fees	434,647	356,568
Telephone, telex, postage and stamps	690,360	854,738
Insurance expenses	205,612	184,569
Maintenance and repair	559,842	512,515
General services	457,975	705,988
Swift services	207,536	202,063
Security	233,555	288,399
Donations	1,499,220	236,046
Board of directors remunerations	55,000	55,000
Board of directors expenses	939,340	1,066,088
Foreign currency trading fees	169,856	171,390
Registration and governmental fees	155,678	130,820
Mortgage and insurance fees	751,591	608,569
Consultations	232,760	735,883
Automated clearing (offset) expenses	86,920	36,995
Property tax fees	206,490	233,578
Marketing and advertising expenses	318,176	530,985
Computers and ATMs expenses	1,446,409	1,368,514
Other expenses	1,274,416	1,341,831
Total	12,481,281	12,272,401

40. Basic And Diluted Earnings Per Share (Bank's Shareholders)

This item consists of the following:

	2020	2019
	JD	JD
Income for the year	10,814,391	14,871,803
Weighted average number of shares	150,000,000	150,000,000
Basic and diluted earnings per share (Bank shareholders)	0.072	0.099

41. Cash And Cash Equivalents

This item consists of the following:

	2020	2019
	JD	JD
Cash and balances at the Central Bank of Jordan maturing within 3 months	196,441,026	129,085,610
Add: balances at banks and other financial institutions maturing within 3 months	312,205,790	291,478,992
Less: deposits from banks and financial institutions maturing within 3 months	(523,679,480)	(526,805,241)
Total	(15,032,664)	(106,240,639)

42. Related Parties Transactions

The following is a summary of the transactions with related parties during the year:

	Related party					Total	
	Subsidiary company	Board of directors members	Management executives	Associate company	Other*	2020	2019
	JD	JD	JD	JD	JD	JD	JD
Statement of Financial Position Items:							
Total deposits for related parties	56,894,364	177,031,258	284,779	12,330,001	4,529,818	251,070,220	245,216,765
Total Bank deposits with related parties	53,294,666	284,837	-	21,430,921	-	75,010,424	87,517,789
Loans and credit facilities granted to related parties	-	-	604,893	-	3,218,357	3,823,250	3,385,199
Off-Statement of Financial Position Items:							
Letter of credit and guarantee	19,152,999	-	-	-	-	19,152,999	16,857,618
Managed account	4,762,824	-	-	-	-	4,762,824	7,079,490
Statement of Income Items:							
Credit interest and commission	554,998	-	25,465	210,909	136,780	928,152	1,308,463
Debit interest and commission	1,536,488	708,030	8,997	165,323	215,166	2,634,004	5,267,790

* This item represents employees' deposits and facilities for other than Board of Directors and executive management.

- Revenues and expenses balances and transactions between the Bank and the subsidiaries are eliminated.

- Interest expense rates ranges from 0% - 5.5% (current accounts included)

- Interest revenue rates ranges from 2% - 7%.

- All credit facilities granted to related parties are considered performing and consequently no related provisions have been booked.

The following is a summary of the benefits (salaries and remunerations plus other benefits) of the executive management of the Bank:

	2020	2019
	JD	JD
Salaries, remunerations and other benefits	1,794,977	1,581,508
Travel and transportation	1,963	31,673
Total	1,796,940	1,613,181

43. Risk Management

Risk is an integral part of the Bank's operations, the general framework of the Risk Management Department in the bank is to identify understand and evaluate risks associated with the Bank's operations, The Department also ensures that risk is maintained within approved and accepted limits and that the necessary measures are taken to reduce risk and attain a balance between risks and rewards.

The Risk Department's policies are developed in order to identify analyze control and place caps on risk, Moreover risk is also monitored through the Bank's risk database system.

The Bank periodically reviews the policies and procedures associated with the Risk Department in order to incorporate new market developments and practices best suited to the Bank's operations.

The Risk Management Department in the Bank is responsible for managing risk through close alignment of the policies and procedures authorized by the Bank's Board of Directors, Furthermore the Risk Committee which is emerged from the Board of Directors reviews the said department's activities and continually issues reports to the Board of Directors disclosing whether the risk is maintained according to the Bank's policies and approved and accepted risk levels.

The Assets and Liabilities Management Committee and Investment Committee also partake in risk management within the Bank, In addition all of the Bank's work centers are responsible for identifying the risks associated with their activities, They also set the necessary and appropriate risk controls; the most important risks are credit risk liquidity risk operation risk and market risk which also includes interest rate risk and currency risk.

The risk management framework comprises risk appetites statement, which is approved by the Board of Directors, and includes the accept-able risk limits and levels of risk tolerance, In addition, part of the risk framework is the stress testing g which is performed on the portfolio level to measure the extent of the Banks capability to withstand any shocks and high risks arising from applying the IFRS (9) standard.

Reports regarding the results of these tests to the risk management committee are submitted on a regular basis to assess their impact on capital and profits, and accordingly a periodic review is done to confirm the compatibility of the current applied with the reality.

Credit Risk

Credit risk arises from the probable default or inability of the borrower or third party to fulfil its obligations to the Bank Moreover, this risk is one of the most important risks the Bank faces during the conduct of its activities, Therefore the Bank manages credit risk continuously this risk relates to items such as loans bonds and activity investments in debt instruments in addition to credit risk related to off-statement of financial position items such as unutilized loans guarantees and documentary credits.

Measurement of Credit Risk:

1. Debt Instruments

The external rating issued by the International Rating Institutions such as (Standard and Poor) and (Moody’s) or the like is used in managing exposure to credit risk relating to debt instruments.

This rating is within specific categories and as instructed by the regulatory authorities in the countries where the bank has its branches or subsidiaries.

2. Control on Risk Ceilings and Credit Risk Mitigation Policies

The Bank manages credit ceilings and controls the credit concentrations risks on the customers’ levels (individual or corporate) in addition to managing and controlling the exposure to credit risk for each sector or geographical area.

The Bank determines the accepted credit risk levels through installing ceilings for the acceptable risks relating to one borrower or a group of borrowers and for each sector or geographical area.

These risks are continuously controlled and are subject to annual/ periodic reviews in addition to controlling the actual exposure against the risk ceilings daily.

Credit Risk Mitigation Methods

The Bank adopts several methods and practices to mitigate credit risk such as obtaining guarantees according to acceptable standards.

The most prevalent guarantees against loans and credit facilities are the following:
- Real estate mortgages.
- Mortgages of financial instruments such as shares.
- Bank guarantees.
- Cash Collaterals.
- Government guarantees.

Moreover, the Bank adopts the following methods to improve the quality of credit and mitigate risks:

- A system of three approvals for granting a credit.
- Credit approval authority that varies from one management level to another depending on the volume of the customer's portfolio extent of exposure maturity and customer's risk degree.
- Complete segregation between credit management departments (business) credit control and analysis departments.

Second: Quantitative Disclosures

(43/A) Credit Risk:

1-A Exposure to credit risks (after provision for impairment and interest in suspense and before collaterals and any other risk decreasing factors).

	2020	2019
	JD	JD
Statement of Financial Position items:		
Cash and balances at Central Bank of Jordan	178,951,591	110,291,280
Balances at banks and financial institutions - Net	312,142,659	291,440,677
Deposits at banks and financial Institutions - Net	14,184,877	24,845,110
Credit Facilities- Net:		
Individual	130,436,208	123,594,406
Real-estate loans	100,148,007	100,567,052
Large companies	464,636,546	425,407,217
Small and medium companies	37,698,065	26,891,112
Government & public sector	100,129,674	139,013,136
Bonds and Treasury Bills:		
Within financial assets at amortized Cost - net	687,643,018	711,618,433
Financial assets through other comprehensive income - net	-	1,163,185
Other assets	16,462,583	18,134,721
Total	2,042,433,228	1,972,966,329
Contingent liabilities:		
Letters of guarantee	96,162,291	87,435,311
Letters of credit	17,173,955	25,314,162
Acceptances	39,824,400	49,937,860
Un-utilized facilities	98,096,843	77,140,463
Total	251,257,489	239,827,796
Grand Total	2,293,690,717	2,212,794,125

The Bank obtains cash and in-kind collaterals representing real estates and shares to mitigate credit risks to which the Bank might be exposed.

1-B Distribution of credit exposure:

The Bank's internal credit rating	Classification category based on (47 / 2009) instructions	Total exposure amount	Expected credit loss (ECL)	Probability of default (PD)	Rating according to external rating institutions	Exposure at default (EAD)	Loss given default (LGD)
	JD	JD	JD	%		JD	%
2 - 7	Performing	841,085,464	12,765,321	2.4%	Moody's	841,085,464	32.6%
8 - 10	Non performing	15,420,174	7,732,466	100%	Moody's	15,420,174	35.2%

Regarding assets items within consolidated financial statements, the exposure mentioned above is based on the balance presented in the consolidated financial statements.

2. Credit exposure is distributed according to the degree of risk as follows:

31 December 2020	Individual	Housing loans	Large companies	Small and medium companies	Government and public sector	Banks and other financial institutions	Total
	JD	JD	JD	JD	JD	JD	JD
Low risk	10,260,094	2,421,089	61,583,854	1,047,498	938,491,848	-	1,013,804,383
Acceptable risk	115,560,026	89,986,128	363,167,678	29,561,457	19,084,772	335,192,017	952,552,078
From which past due:							
Up to 30 days	-	-	-	-	-	-	-
From 31 to 60 days	-	-	-	-	-	-	-
Watch list	9,429,625	6,724,367	51,265,122	10,263,433	6,431,184	-	84,113,731
Non-performing:					-	-	-
Substandard	399,486	696,387	-	-	-	-	1,095,873
Doubtful	2,459,732	1,556,623	-	39,895	-	-	4,056,250
Written - off	857,390	2,836,274	5,489,440	1,084,947	-	-	10,268,051
Total	138,966,353	104,220,868	481,506,094	41,997,230	964,007,804	335,192,017	2,065,890,366
Deduct: interest in suspense	819,298	1,408,670	26,034	705,349	-	-	2,959,351
Provision for impairment	7,029,482	2,102,079	7,807,681	3,503,700	54,845	-	20,497,787
Net	131,117,573	100,710,119	473,672,379	37,788,181	963,952,959	335,192,017	2,042,433,228

31 December 2019	Individual	Housing loans	Large companies	Small and medium companies	Government and public sector	Banks and other financial institutions	Total
	JD	JD	JD	JD	JD	JD	JD
Low risk	9,301,454	2,688,463	61,118,427	685,743	921,983,249	-	995,777,336
Acceptable risk	114,093,403	95,981,644	381,412,008	24,690,251	30,624,377	316,701,302	963,502,985
From which past due:							
Up to 30 days	-	-	-	-	-	-	-
From 31 to 60 days	-	-	-	-	-	-	-
Watch list	3,466,976	3,505,574	6,485,535	2,731,861	-	-	16,189,946
Non performing:							
Substandard	315,076	1,164,700	-	-	-	-	1,479,776
Doubtful	813,074	621,367	-	116,412	-	-	1,550,853
Written - off	736,663	2,314,352	5,480,829	1,950,171	-	-	10,482,015
Total	128,726,646	106,276,100	454,496,799	30,174,438	952,607,626	316,701,302	1,988,982,911
Deduct: interest in suspense	628,998	1,108,950	17,424	981,737	-	-	2,737,109
Provision for impairment	3,614,067	1,814,574	5,549,243	2,301,589	-	-	13,279,473
Net	124,483,581	103,352,576	448,930,132	26,891,112	952,607,626	316,701,302	1,972,966,329

- Exposures include credit facilities balances and deposits with banks and Treasury bonds and any assets of its credit exposures.

- The full balance of the debt owed in the event of a single maturity premiums or benefits and the overdraft is considered payable if it exceeds the ceiling.

3-A The following table breaks down the fair value of the collaterals held as security for credit facilities:

31 December 2020	Individual	Housing loans	Large companies	Small and medium companies	Government and public sector	Total
	JD	JD	JD	JD	JD	JD
Low risk	10,260,094	2,421,089	61,583,854	1,047,498	76,090,800	151,403,335
Acceptable risk	87,619,793	67,810,156	270,750,011	23,047,337	17,662,535	466,889,832
Watch list	35,544	3,228,930	37,510,203	6,353,527	-	47,128,204
Non- performing :						
Substandard	-	661,832	-	-	-	661,832
Doubtful	-	1,407,036	-	-	-	1,407,036
Written - off	790,825	2,723,940	4,040,000	835,198	-	8,389,963
Total	98,706,256	78,252,983	373,884,068	31,283,560	93,753,335	675,880,202
As :						
Cash margins	10,260,094	726,279	4,753,854	1,047,498	-	16,787,725
Governmental guarantees	-	1,694,810	56,830,000	-	93,753,335	152,278,145
Real estate	82,864,807	75,831,894	287,815,062	30,236,062	-	476,747,825
Listed shares	5,295,009	-	22,122,276	-	-	27,417,285
Vehicles and equipment	286,346	-	2,362,876	-	-	2,649,222
Total	98,706,256	78,252,983	373,884,068	31,283,560	93,753,335	675,880,202
31 December 2019						
Low risk	9,301,454	2,688,463	61,118,427	685,743	114,251,269	188,045,356
Acceptable risk	86,735,203	70,949,519	276,642,816	20,577,872	24,761,867	479,667,277
Watch list	13,520	3,131,426	550,000	1,152,614	-	4,847,560
Non- performing:						
Substandard	-	1,164,700	-	-	-	1,164,700
Doubtful	-	620,472	-	96,257	-	716,729
Written - off	721,937	2,174,856	4,040,000	1,452,363	-	8,389,156
Total	96,772,114	80,729,436	342,351,243	23,964,849	139,013,136	682,830,778
As:						
Cash margins	9,301,454	723,723	2,488,427	685,743	-	13,199,347
Governmental guarantees	-	1,964,740	58,630,000	-	139,013,136	199,607,876
Real estate	82,270,049	78,040,973	256,572,272	23,279,106	-	440,162,400
Listed shares	4,895,370	-	22,297,668	-	-	27,193,038
Vehicles and equipment	305,241	-	2,362,876	-	-	2,668,117
Total	96,772,114	80,729,436	342,351,243	23,964,849	139,013,136	682,830,778

3- B-1 Distribution of fair value of collateral against total credit exposures:

Item	Gross exposure amount	Fair value of collaterals							Net exposure after collaterals	Expected credit loss (ECL)
		Cash margin	Quoted shares	Accepted banking guarantees	Housing	Vehicles and machines	Others	Gross collateral amount		
Balances at central bank	178,951,591	-	-	-	-	-	-	-	178,951,591	-
Balances at banks and financial institutions	312,205,790	-	-	-	-	-	-	-	312,205,790	63,131
Deposits at banks and financial institutions	14,240,395	-	-	-	-	-	-	-	14,240,395	55,518
Credit facilities:										
Retail	138,284,988	10,260,094	5,295,009	-	82,864,807	286,346	-	98,706,256	39,578,732	7,029,482
Housing loans	103,658,756	726,279	-	-	75,831,894	-	1,694,810	78,252,983	25,405,773	2,102,079
Corporate										
Large corporate	472,470,261	4,753,854	22,122,276	-	287,815,062	2,362,876	56,830,000	373,884,068	98,586,193	7,807,681
Small and medium entities	41,907,114	1,047,498	-	-	30,236,062		-	31,283,560	10,623,554	3,503,700
Government and public sector	100,184,519	-	-	-	-	-	93,753,335	93,753,335	6,431,184	54,845
Bonds and bills:										
Within financial assets at amortized cost	688,031,221	-	-	-	-	-	-	-	688,031,221	388,203
Within financial assets through other comprehensive income	-	-	-	-	-	-	-	-	-	-
Other assets	16,462,583	-	-	-	-	-	-	-	16,462,583	-
Total	2,066,397,218	16,787,725	27,417,285	-	476,747,825	2,649,222	152,278,145	675,880,202	1,390,517,016	21,004,639
Letters of guarantee	96,162,291	-	-	-	-	-	-	-	96,162,291	225,857
Letters of credit	17,173,955	-	-	-	-	-	-	-	17,173,955	62,707
Acceptances	39,824,400	-	-	-	-	-	-	-	39,824,400	273,176
Unutilized facilities	98,096,843	-	-	-	-	-	-	-	98,096,843	350,000
Grand total	2,317,654,707	16,787,725	27,417,285	-	476,747,825	2,649,222	152,278,145	675,880,202	1,641,774,505	21,916,379
Total comparative figures	2,229,190,832	13,199,347	27,193,037	-	440,162,400	2,668,117	199,607,876	682,830,778	1,546,360,054	14,087,791

3- B-2 The fair value of collateral against total stage 3 credit

Item	Gross exposure stage 3	Fair value of collaterals							Net exposure after collaterals	Expected credit loss (ECL)
		Cash margin	Quoted shares	Accepted banking guarantees	Housing	Vehicles and machines	Others	Gross collateral amount		
Balances at central bank	-	-	-	-	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Deposits at banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Credit facilities:										
Retail	3,716,608	-	790,825	-	-	-	-	790,825	2,925,783	3,044,004
Housing loans	5,089,284	-	-	-	4,792,808	-	-	4,792,808	296,476	1,194,569
Corporate										
Small and medium entities	1,124,842	-	-	-	835,198	-	-	835,198	289,644	516,211
Large corporates	5,489,440	-	-	-	1,677,124	2,362,876	-	4,040,000	1,449,440	2,977,682
Government and public sector	-	-	-	-	-	-	-	-	-	-
Bonds and bills:										
Within financial assets at amortized cost	582,500	-	-	-	582,500	-	-	582,500	-	262,500
Within financial assets through other comprehensive income - net	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total	16,002,674	-	790,825	-	7,887,630	2,362,876	-	11,041,331	4,961,343	7,994,966
Letters of guarantee	-	-	-	-	-	-	-	-	-	-
Letters of credit	-	-	-	-	-	-	-	-	-	-
Acceptances	-	-	-	-	-	-	-	-	-	-
Unutilized facilities	-	-	-	-	-	-	-	-	-	-
Grand total	16,002,674	-	790,825	-	7,887,630	2,362,876	-	11,041,331	4,961,343	7,994,966
Total comparative figures	14,095,144	-	721,937	-	7,768,272	2,362,876	-	10,853,085	3,242,059	5,518,603

3-B-3 Total reclassified exposures:

Item	Stage 2		Stage 3		Reclassified exposures	Reclassified exposures %
	Total exposure amount	Reclassified exposures	Exposure amount	Reclassified exposures		
Direct credit facilities	78,833,865	30,541,539	7,687,708	4,202,842	34,744,381	40.16%

3-B-4 ECL for reclassified facilities:

Item	Reclassified exposures			ECL for reclassified exposures		
	Reclassified exposures Stage 2	Reclassified exposures Stage 3	Total reclassified exposures	Stage 2	Stage 3	Total
Direct credit facilities	30,541,539	4,202,842	34,744,381	312,720	8,454	321,174

Rescheduled loans:
These represent loans classified previously as non-performing and reclassified as performing but taken out therefrom according to proper scheduling and classified as watch list loans they amounted to JD 2,342,287 for the current year (JD 2,398,432 for the previous year).

The balance of the rescheduled loans represents the loans which were rescheduled either still classified as watch list or transferred to performing.

Restructured loans:
Restructuring means to rearrange facilities instalments or by increasing their duration postpone some instalments or increase the grace period…etc, they are classified as a watch-list debt and there is not any restructuration for the current year (JD 33,970,230 for the previous year-end).

4. Bills bonds and debentures
A- The table below shows the classification of bills bonds and debentures according to external rating agencies:

Risk rating class	Rating agency	Included in assets at amortized cost
Government guaranteed bonds	Moody’s	665,034,880
Government guaranteed bonds B1	Moody’s	6,468,546
Foreign governmental bonds BBB -	Moody’s	701,066
Foreign governmental bonds Baa2	Moody’s	708,587
Companies Bond A1	Moody’s	1,418,987
Companies Bond Ba2	Moody’s	3,145,027
Companies Bond Ba3	Moody’s	513,100
Companies Bond Baa2	Moody’s	2,698,544
Companies Bond Baa3	Moody’s	1,425,763
Companies Bond without classification	Moody’s	5,528,518
Total		687,643,018

B - Distribution of total debt instruments invested by the bank by categories internal credit rating of the bank:

	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Low risk (2 - 6)	687,448,721	-	-	687,448,721	712,485,410
Acceptable risk (7)	-	-	-	-	-
High risk (8 - 10)	-	-	582,500	582,500	582,500
Total	687,448,721	-	582,500	688,031,221	713,067,910

• The probability of default for the low risk ranges from 0-3.0% to 0-4.71% from the previous year.
• The probability of default for the high risk ranges from 100% compared to 100% from the previous year.

Movement to distribute the total debt instruments invested by the bank by categories of the bank's internal credit rating:

	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January 2020	712,485,410	-	582,500	713,067,910	688,216,965
New Balances through the year	39,631,253	-	-	39,631,253	196,806,165
Recovered balances	(64,667,942)	-	-	(64,667,942)	(171,955,220)
Net Transferred in Stage 1	-	-	-	-	-
Net Transferred in Stage 2	-	-	-	-	-
Net Transferred in Stage 3	-	-	-	-	-
Changes through adjustments	-	-	-	-	-
Balance as of 31 December 2020	687,448,721	-	582,500	688,031,221	713,067,910

The movement on the allocation of the expected credit losses of the debt instruments invested by the Bank is as follows:

	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January 2020	90,292	-	196,000	286,292	193,792
New Balances through the year	60,635	-	66,500	127,135	92,500
Recovered balances	(25,224)	-	-	(25,224)	-
Net Transferred in Stage 1	-	-	-	-	-
Net Transferred in Stage 2	-	-	-	-	-
Net Transferred in Stage 3	-	-	-	-	-
Balance as of 31 December 2020	125,703	-	262,500	388,203	286,292

5.A- The schedule below shows the geograohical distribution of the credit risk exposure:

Item	Inside the Kingdom	Other Middle East Countries	Europe	Asia	Africa	America	Total
Balance at Central Bank of Jordan	178,951,591	-	-	-	-	-	178,951,591
Balances at banks and financial institutions	89,315	67,497,994	126,781,154	689,653	284,837	116,799,706	312,142,659
Deposits at banks and financial institutions	-	8,508,000	5,676,877	-	-	-	14,184,877
Credit facilities-net:	798,148,016	26,619,992	8,280,492	-	-	-	833,048,500
Bonds and bills:							
Financial assets at amortized cost - net	675,626,075	2,831,632	3,407,584	1,418,534	701,066	3,658,127	687,643,018
Within financial assets through other comprehensive income - net	-	-	-	-	-	-	-
Other assets	15,204,313	938,444	228,539	13,541	5,412	72,334	16,462,583
Total / Current year	1,668,019,310	106,396,062	144,374,646	2,121,728	991,315	120,530,167	2,042,433,228
Letters of guarantee	84,800,935	9,600,902	1,760,454	-	-	-	96,162,291
Letters of credit	12,061,944	5,112,011	-	-	-	-	17,173,955
Acceptances	39,536,459	287,941	-	-	-	-	39,824,400
Un-utilized facilities	95,589,482	2,507,361	-	-	-	-	98,096,843
Grand total	1,900,008,130	123,904,277	146,135,100	2,121,728	991,315	120,530,167	2,293,690,717
Total comparative figures	1,809,800,033	235,070,751	118,939,875	4,307,701	2,836,917	41,838,848	2,212,794,125

Exposure distribution according to IFRS 9- Net:

Item	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3 Individual	Total
Inside Jordan	1,642,656,725	179,841,558	60,843,427	10,064,230	6,602,190	1,900,008,130
Other middle east countries	121,598,683	-	2,305,594	-	-	123,904,277
Europe	121,220,855	-	24,914,245	-	-	146,135,100
Asia	2,121,728	-	-	-	-	2,121,728
Africa	991,315	-	-	-	-	991,315
America	120,530,167	-	-	-	-	120,530,167
Total	2,009,119,473	179,841,558	88,063,266	10,064,230	6,602,190	2,293,690,717
Total Comparative Figures	1,985,978,242	185,725,260	33,683,164	-	7,407,459	2,212,794,125

5.B- The schedule below shows the credit risk exposure according to financial instruments:

Item	Finance	Industrial	Trade	Real Estate	Shares	Retail	Transportation	Hotel and Tourism	Governments and public sector	Total
Balances at Central Bank of Jordan	-	-	-	-	-	-	-	-	178,951,591	178,951,591
Balances at banks and financial institutions - Net	312,142,659	-	-	-	-	-	-	-	-	312,142,659
Deposits at banks and financial institutions - Net	14,184,877	-	-	-	-	-	-	-	-	14,184,877
Credit facilities - Net	4,787,133	229,403,404	255,411,951	100,148,007	306,977	130,436,207	5,538,917	6,886,230	100,129,674	833,048,500
Bonds and bills:										
Financial assets at amortized cost - Net	7,343,319	6,153,321	1,233,299	-	-	-	-	-	672,913,079	687,643,018
Within financial assets through other comprehensive income	-	-	-	-	-	-	-	-	-	-
Other assets	1,538,881	737,963	917,740	562,112	1,522	681,366	12,210	52,174	11,958,615	16,462,583
Total / Current Year	339,996,869	236,294,688	257,562,990	100,710,119	308,499	131,117,573	5,551,127	6,938,404	963,952,959	2,042,433,228
Letters of guarantee	-	-	96,162,291	-	-	-	-	-	-	96,162,291
Letters of credit	-	-	17,173,955	-	-	-	-	-	-	17,173,955
Acceptances	-	-	39,824,400	-	-	-	-	-	-	39,824,400
Un-utilized ceilings	500,000	33,243,232	64,353,611	-	-	-	-	-	-	98,096,843
Grand Total	340,496,869	269,537,920	475,077,247	100,710,119	308,499	131,117,573	5,551,127	6,938,404	963,952,959	2,293,690,717
Total Comparative Figures	327,647,867	257,707,145	446,486,258	103,352,576	509,071	124,483,582	-	-	952,607,626	2,212,794,125

The distribution of the risk exposure according to the staging classification as per IFRS (9) - Net.

Item	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3 Individual	Total
Finance	319,697,023	-	20,799,846	-	-	340,496,869
Industry	259,016,607	-	7,969,075	-	2,552,238	269,537,920
Trade	425,797,226	-	48,721,774	-	558,247	475,077,247
Real estate	21,362,559	70,508,097	3,788,070	2,077,733	2,973,660	100,710,119
Shares	308,499	-	-	-	-	308,499
Retail	12,871,409	109,333,461	408,161	7,986,497	518,045	131,117,573
Transportation	5,551,127	-	-	-	-	5,551,127
Hotels and Tourism	6,938,404	-	-	-	-	6,938,404
Government and public sector	957,576,619	-	6,376,340	-	-	963,952,959
Total	2,009,119,473	179,841,558	88,063,266	10,064,230	6,602,190	2,293,690,717
Total comparative figures	1,985,978,242	185,725,260	33,683,164	-	7,407,459	2,212,794,125

(43/B) Market Risks:

Market risk is the risk of the fluctuation in the fair value or cash flows of financial instruments due to changes in market prices such as interest rates, currency rates and stock prices, The risks subject to this requirement are foreign currency, risk price risk, commodity risk and market risks arise due to open positions for interest rate, foreign currency exchange rate, investment rate and share prices, These risks are controlled according to predetermined policies and procedures and through specialized committees and work centers.

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

Interest rate risks

Interest rate risk arises from the probable impact of changes in interest rates on the value of other financial assets, The Bank is exposed to the risk of interest rates due to a mismatch or a gap in the amounts of assets and liabilities according to the various time limits or review of interest rates in a certain period, Moreover, the Bank manages these risks through reviewing the interest rates on assets and liabilities based on the risk management strategy, The Bank will study all the factors that have an effect on the interest rates whether they are local regional or global in addition to studying the interest rate gap and their future expectations to determine the degree of risk in the short and long term so as to be able to put a suitable future plan and make the right decisions such as amending the maturity date and repricing the deposits and loans and the purchase and sale of the financial investments.

1. Interest Rate Risks:

Sensitivity Analysis 2020

Currency	Change (increase) in interest rate (%)	Sensitivity of interest revenue profit and (loss)	Sensitivity tof shareholders' equity
		JD	JD
US Dollar	1	(629,308)	-
Euro	1	(783,350)	-
British Pound	1	(89,960)	-
Japanese Yen	1	(2)	-
Others	1	265,734	-

Currency	Change (decrease) in interest rate (%)	Sensitivity of interest revenue profit and (loss)	Sensitivity of shareholders' equity
		JD	JD
US Dollar	1	629,308	-
Euro	1	783,350	-
British Pound	1	89,960	-
Japanese Yen	1	2	-
Others	1	(265,734)	-

Sensitivity Analysis 2019

Currency	Change (increase) in interest rate (%)	Sensitivity of interest revenue profit and (loss)	Sensitivity of shareholders' equity
		JD	JD
US Dollar	1	(388,663)	-
Euro	1	(339,485)	-
British Pound	1	(3,459)	-
Japanese Yen	1	3	-
Others	1	543,913	-

Currency	Change (decrease) in interest rate (%)	Sensitivity of interest revenue profit and (loss)	Sensitivity of shareholders' equity
		JD	JD
US Dollar	1	388,663	-
Euro	1	339,485	-
British Pound	1	3,459	-
Japanese Yen	1	(3)	-
Others	1	(543,913)	-

2. Foreign currencies risk

This is the risk that results from the changes in foreign exchange rates with potential impact on the Bank's assets and liabilities in foreign currencies The Bank prepares a sensitivity analysis to monitor the changes in exchange rates at (± 5%) of net profits and losses.

Sensitivity analysis 2020

Currency	Change in currency exchange rate (%)	Effect on profits and losses	Sensitivity of shareholders' equity
		JD	JD
Euro	5	1,862	-
British Pound	5	25,865	1,074,502
Japanese Yen	5	908	-
Other currencies	5	268,131	-

Sensitivity analysis 2019

Currency	Change in currency exchange rate (%)	Effect on profits and losses	Sensitivity of shareholders' equity
		JD	JD
Euro	5	1,273	-
British Pound	5	51,735	982,625
Japanese Yen	5	2,346	-
Other currencies	5	2,230,103	-

In case the decrease in the currency exchange rate amounts to 5% the same financial effect will result with an opposite sign.

3. Shares Prices Risks

Is the risk arising from changes in the prices of stocks within the portfolio of financial assets at fair value through the statement of income and comprehensive income, The Bank manages the risks of stock prices by analysing value at losses.

Sensitivity analysis 2020

Indicator	Change in Equity Prices (%)	Effect on profit and losses	Effect on Shareholders
		JD	JD
Amman Stock Exchange	5	62,302	562,964
Qatar Stock Exchange	5	-	-

Sensitivity Analysis 2019

Indicator	Change in Equity Prices (%)	Effect on profit and losses	Effect on Shareholders
		JD	JD
Amman Stock Exchange	5	60,160	628,982
Qatar Stock Exchange	5	-	23,729

If the stock exchanges indicator decreases by the same percentage, the same financial effect will arise but with an opposite sign.

4. Interest rate sensitivity gap:

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

31 December 2020	Less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From1 to 3 years	Over 3 years	Non - interest bearing Items	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Assets								
Cash and balances at Central Bank of Jordan	196,441,026	-	-	-	-	-	-	196,441,026
Balances at banks and financial institutions - Net	11,770,556	56,713,626	-	-	-	-	243,658,477	312,142,659
Deposits at banks and financial institutions - Net	-	-	14,184,877	-	-	-	-	14,184,877
Financial assets at fair value through profit or loss-Net	-	-	-	-	-	-	17,198,214	17,198,214
Direct credit facilities- Net	149,350,341	72,552,243	99,077,713	78,620,574	194,634,271	238,813,358	-	833,048,500
Financial assets at amortized cost- Net	2,320,213	54,651,547	6,439,958	38,995,000	180,889,522	404,346,778	-	687,643,018
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	1,246,038	1,246,038
Investments in associate company	-	-	-	-	-	-	22,007,354	22,007,354
Property and equipment – Net	-	-	-	-	-	-	74,229,898	74,229,898
Intangible assets – Net	-	-	-	-	-	-	1,790,547	1,790,547
Deferred tax assets	-	-	-	-	-	-	3,356,646	3,356,646
Other assets	-	-	-	-	-	-	36,915,305	36,915,305
Total assets	359,882,136	183,917,416	119,702,548	117,615,574	375,523,793	643,160,136	400,402,479	2,200,204,082
Liabilities								
Banks and financial institution deposits	498,161,854	25,517,626	2,127,000	-	74,000,000	-	-	599,806,480
Customers' deposits	533,843,642	212,410,778	108,136,372	93,539,991	368,694	41,437	226,379,160	1,174,720,074
Borrowed funds from the Central Bank of Jordan	95,537,367	-	-	-	-	25,092,265	-	120,629,632
Cash Collaterals	8,518,351	12,627,286	4,201,608	7,940,815	84,632	261,523	7,528,807	41,163,022
Sundry provisions	-	-	-	-	-	-	702,561	702,561
Income tax provisions	-	-	-	-	-	-	7,431,319	7,431,319
Other liabilities	-	-	-	-	-	-	31,177,301	31,177,301
Total Liabilities	1,136,061,214	250,555,690	114,464,980	101,480,806	74,453,326	25,395,225	273,219,148	1,975,630,389
Interest rate sensitivity gap	(776,179,078)	(66,638,274)	5,237,568	16,134,768	301,070,467	617,764,911	127,183,331	224,573,693
31 December 2019								
Total Assets	419,961,469	126,913,627	127,574,141	82,705,780	395,028,643	729,221,562	250,651,169	2,132,056,391
Total Liabilities	593,175,010	751,238,395	104,034,253	93,074,064	90,388,307	4,660,747	279,632,869	1,916,203,645
Interest rate sensitivity gap	(173,213,541)	(624,324,768)	23,539,888	(10,368,284)	304,640,336	724,560,815	(28,981,700)	215,852,746

5. Foreign Currency Sensitivity Gap:

Item/Currency	USD	Euro	Sterling Pounds	Japanese Yen	Others	Total
	JD	JD	JD	JD	JD	JD
31 December 2020						
Assets:						
Cash and balances at Central Bank of Jordan	22,449,073	1,287,441	329,026	874	203,555	24,269,969
Balances and deposits at banks and financial institutions	143,801,349	134,588,417	28,667,761	21,332	19,260,858	326,339,717
Direct credit facilities	228,910,329	8,832,680	-	-	47,872,401	285,615,410
Financial securities at amortized cost	175,903,812	4,480,492	-	-	-	180,384,304
Financial assets through Comprehensive Income	35,672	-	-	-	-	35,672
Investments in associate company	-	-	22,007,354	-	-	22,007,354
Property and equipment - net	2,270,719	-	-	-	-	2,270,719
Other assets	5,916,117	214,251	49,036	-	210,278	6,389,682
Total Assets	579,287,071	149,403,281	51,053,177	22,206	67,547,092	847,312,827
Liabilities:						
Banks and financial institutions deposits	263,217,616	110,840,750	15,524,840	-	24,856	389,608,062
Customers' deposits	331,345,961	33,931,210	13,224,170	3,950	34,434,691	412,939,982
Cash Margins	6,972,814	2,397,196	606,546	-	1,996,401	11,972,957
Sundry provisions	396,280	-	-	-	-	396,280
Income Tax Provision	159,252	-	-	-	-	159,252
Other liabilities	(20,879,449)	2,194,181	(314,751)	98	25,728,532	6,728,561
Retained earnings	67,432	-	-	-	-	67,432
Non - Controlling Interest	18,459,955	-	-	-	-	18,459,955
Total Liabilities	599,739,811	149,363,337	29,040,805	4,048	62,184,480	840,332,481
Net concentration on - balance sheet for the current year	(20,452,740)	39,944	22,012,372	18,158	5,362,612	6,980,346
Contingent liabilities off - balance sheet for the current year	204,086,239	10,108,562	123,727	-	25,319,906	239,638,434
31 December 2019						
Total Assets	636,216,627	85,362,329	24,033,930	55,461	120,114,057	865,782,404
Total Liabilities	681,381,613	85,336,886	17,337,385	8,544	75,514,004	859,578,432
Net concentration on - balance sheet	(45,164,986)	25,443	6,696,545	46,917	44,600,053	6,203,972
Contingent liabilities off - balance sheet	159,692,836	24,513,966	300,224	402,696	30,596,374	215,506,096

(43/C) Liquidity Risk:

Liquidity risk is defined as the Bank's inability to provide the necessary funding to cover its obligations at the due date, Liquidity risk is managed through the following:

Funding requirements are managed through daily oversight of future cash flows to ensure the possibility of meeting them and the Bank maintains a presence in the market of cash that allows the bank to achieve it.

Holding highly marketable assets that can be easily liquidated to meet any unexpected liquidity requirements.

Monitoring the liquidity ratios according to the internal requirements and the requirements of the regulatory authorities.

Managing concentrations in assets / liabilities and their maturities.

Maintaining a portion of customers' deposits as a cash reserve at the Central Bank of Jordan; this reserve cannot be disposed of except for certain conditions as specified by the Central Bank of Jordan,

Liquidity is measured on the basis of normal and emergency conditions, this includes analyzing the remaining period of the contractual maturity and financial assets on the basis of the expected recoverability.

The treasurer is in charge of controlling the liquidity of the Bank taking into consideration loans and any related commitments letters of credit and guarantees.

Sources of funds:
The Bank diversifies its funding sources according to geographical areas, currencies customers, and products in order to achieve financial flexibility and reduce funding costs, It also endeavors to maintain stable and reliable funding sources, Moreover the Bank has a large customer base including individual customers companies and corporations.

1. The table below summarizes the distribution of liabilities (not discounted) on the basis of the remainder of the contractual maturity at the date of the financial statements:

31 December 2020	Less than 1 Month	1 to 3 Months	From 3 to 6 Months	From 6 Months to 1 year	From 1 to 3 Years	Over 3 Years	Without Maturity	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Liabilities:								
Banks' and financial institution's deposits	498,189,932	25,582,740	2,174,875	-	78,808,510	-	-	604,756,057
Customers' deposits	533,906,481	212,967,194	108,949,827	97,579,172	394,108	63,647	226,379,160	1,180,239,589
Borrowed funds from the Central Bank of Jordan	95,537,367	-	-	-	-	25,092,265	-	120,629,632
Cash margins	8,522,274	12,638,398	4,201,664	8,064,639	93,454	271,281	7,528,807	41,320,517
Sundry provisions	-	-	-	-	-	-	702,561	702,561
Income tax provision	1,606,891	5,225,395	-	-	-	-	599,033	7,431,319
Other liabilities	11,434,184	-	-	-	-	-	19,743,117	31,177,301
Total	1,149,197,129	256,413,727	115,326,366	105,643,811	79,296,072	25,427,193	254,952,678	1,986,256,976
Total assets (according to expected maturities)	1,029,385,349	129,265,869	101,008,440	92,805,451	198,033,881	249,302,613	400,402,479	2,200,204,082

31 December 2019	Less than 1 Month	1 to 3 Months	From 3 to 6 Months	From 6 Months to 1 year	From 1 to 3 Years	Over 3 Years	Without Maturity	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Liabilities:								
Banks' and financial institution's deposits	9,076,773	517,784,897	2,168,618	709,000	94,243,767	-	-	623,983,055
Customers' deposits	473,312,355	225,035,781	99,171,523	88,311,619	66,887	91,437	212,038,242	1,098,027,844
Borrowed funds from the Central Bank of Jordan	100,000,000	-	-	-	-	4,457,503	-	104,457,503
Cash margins	11,249,522	9,579,809	3,880,030	7,183,676	382,837	111,807	8,071,998	40,459,679
Sundry provisions	-	-		-	-	-	677,572	677,572
Income tax provision	-	6,674,294	-	-	-	-	660,584	7,334,878
Other liabilities	29,016,348	-	-	-	-	-	22,493,831	51,510,179
Total	622,654,998	759,074,781	105,220,171	96,204,295	94,693,491	4,660,747	243,942,227	1,926,450,710
Total assets (according to expected maturities)	1,075,479,688	126,913,627	105,073,858	82,705,780	223,839,728	266,229,479	251,814,231	2,132,056,391

2. The following table summarizes forward currency contracts based on the remaining period to the contractual maturity date on the date of the financial statements:

31 December 2020	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 Months to 1 Year	1 to 3 Years	Over 3 Years	Total	Fair Value
	JD	JD	JD	JD	JD	JD	JD	JD
Forward currency contracts	12,040,753	198,532	10,013,575	35,050,069	-	-	57,302,929	108,906
31 December 2019								
Forward currency contracts	22,144,280	-	7,090,000	-	-	-	29,234,280	(3,800)

Off- the statement of financial position items:

	Up to 1 Year	More than 1 - 5 Years	Over 5 Years	Total
	JD	JD	JD	JD
2020				
Letters of credit and acceptances / issued	65,964,012	-	-	65,964,012
Un-utilized facilities	98,096,843	-	-	98,096,843
Letters of guarantee	86,708,352	9,430,939	23,000	96,162,291
Total	250,769,207	9,430,939	23,000	260,223,146
2019				
Letters of credit and acceptances / issued	84,447,120	-	-	84,447,120
Un-utilized facilities	77,140,463	-	-	77,140,463
Letters of guarantee	64,036,362	21,333,380	2,065,569	87,435,311
Total	225,623,945	21,333,380	2,065,569	249,022,894

44. Segment Analysis

Information about the Bank's Business Segments

The Bank is organized for administrative purposes to the following four main business segments:

1. Individual accounts: Include following up on individual customers accounts, real estate loans, overdrafts, credit cards facilities and transfer facilities.

2. Institutions and corporate: The loans and the credit facilities, other sector services, deposits, currant accounts related to the customers of the corporations and institutions.

3. Treasury: Principally providing money market trading and treasury services as well as management of the Bank's funding operations through treasury bills, and bond government securities placements, and acceptances with other banks and that is through treasury and banking services.

4. Institutional financing: This sector relates to finance structure special arrangements and share issuance.

(A) The following represents information about the bank's sector activities:

	2020					2019
	Individual bank sector activities	Corporate bank sector activities	Treasury	Others	Total	Total
	JD (In Thousands)	JD (In Thousands)	JD (In Thousands)	JD (In Thousands)	JD (In Thousands)	JD (In Thousands)
Gross revenues	20,078	35,732	41,405	5,299	102,514	111,050
Investment in associate company	-	-	517	-	517	1,035
Provision for impairment	(6,125)	(7,762)	(152)	-	(13,039)	(2,264)
Segment results	13,953	28,970	41,770	5,299	89,992	109,821
Undistributed expenses	-	-	-	-	(72,967)	(86,155)
Income before tax	-	-	-	-	17,025	23,666
Income tax expense	-	-	-	-	(5,488)	(7,463)
Net income for the period	-	-	-	-	11,537	16,203
Capital expenditures	-	-	-	-	2,165	3,826
Depreciation and amortization	-	-	-	-	4,150	3,866

	2020					2019
Segment's assets	211,297	621,752	1,228,856	-	2,061,905	1,993,726
Investments in associate Company	-	-	22,007	-	22,007	20,687
Undistributed assets	-	-	-	116,292	116,292	117,643
Total assets	211,297	621,752	1,250,863	116,292	2,200,204	2,132,056
Segment's liabilities	864,279	351,604	720,436	-	1,936,319	1,856,681
Undistributed liabilities	-	-	-	39,311	39,311	59,523
Total Liabilities	864,279	351,604	720,436	39,311	1,975,630	1,916,204

(B) Geographical Information

This item represents the geographical distribution of the Bank's activities, Moreover, the Bank conducts its activities mainly in Jordan representing local activities, additionally, the Bank performs its international activities through its branch in Cyprus, and its subsidiary in Qatar.

The following table shows the distribution of the Bank's operating income, total assets and capital expenditure by geographical segment:

	Inside Jordan		Outside Jordan		Total	
	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD
Gross revenues	93,018,778	100,460,790	10,012,082	11,624,378	103,030,860	112,085,168
Capital expenditure	1,833,229	3,766,503	331,777	59,573	2,165,006	3,826,076

	Inside Jordan		Outside Jordan		Total	
	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD
Total Assets	1,796,087,405	1,713,557,513	404,116,677	418,498,878	2,200,204,082	2,132,056,391

45. Capital Management:

The Bank seeks to achieve the following goals:

- Compliance with the Central Bank of Jordan requirements relating to share capital.
- Maintaining the ability to continue as a going concern.
- Maintaining a strong capital base for supporting the expansion and development of the Bank's activities.

Capital adequacy is monitored and reviewed by the Bank's management moreover the Bank provides the Central Bank of Jordan with quarterly reports on the adequacy of its capital.

According to the Central Bank of Jordan instructions the minimum requirements for the capital adequacy ratio is 12%, Moreover, banks are classified into five categories the best one having an average capital adequacy ratio equal to or more than 14%. The bank is subject to domestic systemically important banks (D-SIBs) instructions issued by the central bank of Jordan, the bank has to comply with a minimum capital adequacy rate of 14.375%.Additionally the Bank's capital adequacy ratio is 15.80% as of 31 December 2020 (16.53% as of 31 December 2019).

The schedule below shows capital components total risk weighted assets and capital adequacy ratio according to the Central Bank of Jordan instructions in accordance with Basel III 2020 Committee regulations:

Primary capital according to bank’s management requirements	2020 JD In Thousands	2019 JD In Thousands
Paid-up capital	150,000	150,000
Retained Earnings	11,649	18,501
Other Comprehensive income items:		
Cumulative change in fair value	(3,080)	(2,068)
Foreign currency translation adjustments	(2,152)	(2,955)
Share Issuance Premium	-	-
Statutory Reserve	34,697	33,212
Authorized minority rights	4,706	7,657
Total Ordinary Share Capital	195,820	204,347
Total regulatory Adjustments (deductions from capital)		
Goodwill and Intangible assets	(1,791)	(1,607)
Deferred tax assets resulting from provisions of credit facilities	(3,357)	(521)
Investment in Bank’s Capital and financial institutions and insurance companies Outside the scope of regulatory consolidation and where the bank owns more than 10%	(2,939)	(465)
Net Ordinary Shareholders	187,733	201,754
Additional Capital	-	-
Total primary Capital	187,733	201,754
Secondary Capital		
Provision required against credit facilities/ credit compensation in stage 1	7,162	3,531
Total Stable Capital	7,162	3,531
Net stable capital	7,162	3,531
Total regulatory capital	194,895	205,285
Total risk weighted assets	1,233,485	1,241,855
Capital adequacy ratio %	15.80%	16.53%
Primary capital ratio %	15.22%	16.25%

46. Accounts Managed On Behalf Of Customers

This item represents the accounts managed by the Bank on behalf of its customers but are not considered part of the bank's assets and its balances as of 31 December 2020 was JD 47,796,703 (JD 44,175,416 as of 31 December 2019), The fees and commissions on such accounts are stated in the consolidated statement of Income.

47. Assets And Liabilities Maturity Analysis:

The following table analyzes assets and liabilities according to the expected period of their recoverability or settlement:

31 December 2020	Up to 1 year	Over 1 year	Total
	JD	JD	JD
Assets			
Cash and balances at Central Bank of Jordan	196,441,026	-	196,441,026
Balances at banks and financial institutions - net	312,142,659	-	312,142,659
Deposits at banks and financial institutions- net	14,184,877	-	14,184,877
Financial assets at fair value through other comprehensive income	17,198,214	-	17,198,214
Financial assets at fair value through Profit or Loss	1,246,038	-	1,246,038
Direct Credit facilities- Net	475,442,583	357,605,917	833,048,500
Financial assets at amortized cost	673,754,153	13,888,865	687,643,018
Investments in associate company	-	22,007,354	22,007,354
Property and equipment-Net	-	74,229,898	74,229,898
Intangible assets-Net	-	1,790,547	1,790,547
Deferred tax assets	-	3,356,646	3,356,646
Other assets	-	36,915,305	36,915,305
Total assets	1,690,409,550	509,794,532	2,200,204,082
Liabilities			
Banks and financial institutions’ deposits	525,806,480	74,000,000	599,806,480
Customers' deposits	995,768,528	178,951,546	1,174,720,074
Borrowed money from Central Bank of Jordan	95,537,367	25,092,265	120,629,632
Cash margins	40,816,867	346,155	41,163,022
Sundry provisions	-	702,561	702,561
Income tax provision	6,832,286	599,033	7,431,319
Other liabilities	11,434,184	19,743,117	31,177,301
Total liabilities	1,676,195,712	299,434,677	1,975,630,389
Net	14,213,838	210,359,855	224,573,693

31 December 2019	Up to 1 Year	Over 1 Year	Total
	JD	JD	JD
Assets:			
Cash and balances at Central Bank of Jordan	129,085,610	-	129,085,610
Balances at banks and financial institutions - net	291,440,677	-	291,440,677
Deposits at banks and financial institutions- net	24,845,110	-	24,845,110
Financial assets at fair value through other comprehensive income	20,059,841	-	20,059,841
Financial assets at fair value through Profit or Loss	1,203,192	-	1,203,192
Direct Credit facilities- Net	340,318,998	475,153,925	815,472,923
Financial assets at amortized cost	694,739,677	16,878,756	711,618,433
Investments in associate company	-	20,687,223	20,687,223
Property and equipment-Net	-	76,478,738	76,478,738
Intangible assets-Net	-	1,606,866	1,606,866
Deferred tax assets	-	521,215	521,215
Other assets	-	39,036,563	39,036,563
Total assets	1,501,693,105	630,363,286	2,132,056,391
Liabilities:			
Banks and financial institutions’ deposits	529,641,241	90,000,000	619,641,241
Customers' deposits	801,756,460	290,529,879	1,092,286,339
Borrowed money from Central Bank of Jordan	100,000,000	4,457,503	104,457,503
Cash margins	32,112,128	8,183,805	40,295,933
Sundry provisions	-	677,572	677,572
Income tax provision	6,674,294	660,584	7,334,878
Other liabilities	29,016,348	22,493,831	51,510,179
Total liabilities	1,499,200,471	417,003,174	1,916,203,645
Net	2,492,634	213,360,112	215,852,746

48. Fair Value Hierarchy

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

Some of the financial assets and financial liabilities are measured at fair value at the end of each reporting period, The following table gives information about how the fair value of these financial assets and financial liabilities are determined (valuation techniques and key inputs).

Financial Assets/ Financial Liabilities	Fair Value as at		Fair Value Hierarchy	Valuation techniques and key inputs	Significant intangible	Relationship of intangible Inputs to fair value
	2020	2019				
	JD	JD				
Financial assets at fair value						
Financial assets at fair value through profit or loss						
Quoted corporate equity shares	1,246,038	1,203,192	Level 1	quoted rates in financial instruments	Not Applicablee	Not Applicable
Total	1,246,038	1,203,192				
Financial assets at fair value through comprehensive income						
Quoted shares	11,259,280	13,054,223	Level 1	Quoted rates in financial markets	Not Applicable	Not Applicable
Corporate bonds	-	1,163,185	Level 1	Quoted rates in financial markets	Not Applicable	Not Applicable
Unquoted shares	5,938,934	5,842,433	Level 2	compare to similar financial instruments	Not Applicable	Not Applicable
Total	17,198,214	20,059,841				

There were no transfers between level 1 and 2 during 2020 and 2019.

B. Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis.

Except what is detailed in following table we believe that the carrying amounts of financial assets recognized in the Company's financial statements
approximate their fair values, due to that the bank's management believes that the item's book value are equals to the fair value which is due to its
Short term maturity or to the interest rates being revaluated during the year.

	2020		2019		Fair value hierarchy
	Book value	Fair value	Bookvalue	Fair value	
	JD	JD	JD	JD	JD
Financial assets not calculated at fair value					
Balances at central banks	178,951,591	178,951,591	110,291,280	110,291,280	level 2
Balances at banks and financial institutions	312,142,659	312,275,782	291,440,677	291,842,541	level 2
Deposits at banks and financial institutions	14,184,877	14,221,264	24,845,110	24,959,776	level 2
Loans and other bills	833,048,500	837,747,783	815,472,923	821,267,114	level 2
Financial assets at amortized costs	687,643,018	698,394,729	711,618,433	723,219,338	level 1&2
Total Financial assets not calculated at fair value	2,025,970,645	2,041,591,149	1,953,668,423	1,971,580,049	
Liabilities not calculated at fair value					
Banks and financial institution deposits	599,806,480	601,497,274	619,641,241	622,937,273	level 2
Customer deposits	1,174,720,074	1,178,522,655	1,092,286,339	1,097,301,501	level 2
Borrowed money from the central bank of Jordan	120,629,632	120,629,632	104,457,503	104,457,503	level 2
Cash margins	41,163,022	41,360,664	40,295,933	40,465,048	level 2
Total Liabilities not Calculated at Fair Value	1,936,319,208	1,942,010,225	1,856,681,016	1,865,161,325	

The fair values of the financial assets included in level 2 and 3 categories above have been determined in accordance with the generally accepted pricing.

49. Commitments And Contingent Liabilities (Off-Statement Of Financial Position)

A. Contingent liabilities:

	2020	2019
	JD	JD
Letters of credit		
Export	14,302,381	22,086,217
Import (backed)	2,871,574	3,227,945
Import (not backed)	58,442,451	59,109,943
Acceptance		
Export / letter of credit	39,824,400	49,937,860
Export / bill of collection	11,837,231	12,423,043
Import (not backed)	3,360,582	9,712,117
Letters of guarantee		
Payments	37,889,436	32,142,129
Performance	34,915,856	34,056,466
Other	23,356,999	21,236,716
Forward contracts	57,302,929	29,230,480
Un-utilized facilities	98,096,843	77,140,463
Total	382,200,682	350,303,379

B. There are no contractual commitments to purchase fixed assets or constructional contracts.

C. There are no guarantees provided against contractual obligations.

D. Operating and finance lease contracts.

The minimum capital lease payment is as follows:

	2020	2019
	JD	JD
Within one year	119,776	119,776
Total	119,776	119,776

50. Lawsuits Against The Bank

The lawsuits against the Bank amounted to JD 6,708,587 as of 31 December 2020 (JD 4,928,180 as of 31 December 2019) which represents lawsuits that clients have raised to respond to lawsuits that the Bank has raised against them in the opinion of the Bank's lawyer the Bank will not incur any significant amounts against these lawsuits except for the booked provision which amounted to JD 160,417 as of 31 December 2020 (JD 162,652 as of 31 December 2019), Moreover, the amounts paid by the Bank against concluded or settled lawsuits are taken to the statement of income upon payment.

51. Comparative Figures

Some amounts were reclassified from the comparative figures in order to align with the figures for the year ending 31 December 2020, with no effect on profit or equity in the period.

52. New International Financial Reporting Standards And Its Explanations And Issued Amendments And Not Implemented Yet

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Bank's financial statements are disclosed below, The Bank intends to adopt these standards, if applicable, when they become effective.

IFRS 17 Insurance Contracts
IFRS 17 provides a comprehensive model for insurance contracts covering the recognition and measurement and presentation and disclosure of insurance contracts and replaces IFRS 4 -Insurance Contracts. The standard applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The standard general model is supplemented by the variable fee approach and the premium allocation approach.

The new standard will be effective for annual periods beginning on or after 1 January 2023 with comparative figures required. Early application is permitted provided that the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

The amendments are not expected to have a material impact on the Bak.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
- what is meant by a right to defer settlement,
- the right to defer must exist at the end of the reporting period,
- that classification is unaffected by the likelihood,
- that an entity will exercise its deferral right,
- and that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively.

Reference to the Conceptual Framework – Amendments to IFRS 3
In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

The amendments are not expected to have a material impact on the Bank.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Bank.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities.

General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.
The amendments are not expected to have a material impact on the Bank.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Bank.

IBOR reform Phase 2

IBOR reform Phase 2, which will be effective on 1 January 2021, includes a number of reliefs and additional disclosures. The reliefs apply upon the transition of a financial instrument from an IBOR to a risk-free-rate (RFR).

Changes to the basis for determining contractual cash flows as a result of interest rate benchmark reform are required as a practical expedient to be treated as changes to a floating interest rate, provided that, for the financial instrument, the transition from the IBOR benchmark rate to RFR takes place on an economically equivalent basis.

IBOR reform Phase 2 provides temporary reliefs that allow the Bank's hedging relationships to continue upon the replacement of an existing interest rate benchmark with an RFR. The reliefs require the Bank to amend hedge designations and hedge documentation. This includes redefining the hedged risk to reference an RFR, redefining the description of the hedging instrument and / or the hedged item to reference the RFR and amending the method for assessing hedge effectiveness. Updates to the hedging documentation must be made by the end of the reporting period in which a replacement takes place. For the retrospective assessment of hedge effectiveness, the Bank may elect on a hedge by hedge basis to reset the cumulative fair value change to zero. The Bank may designate an interest rate as a non-contractually specified, hedged risk component of changes in the fair value or cash flows of a hedged item, provided the interest rate risk component is separately identifiable, e.g., it is an established benchmark that is widely used in the market to price loans and derivatives. For new RFRs that are not yet an established benchmark, relief is provided from this requirement provided the Bank reasonably expects the RFR to become separately identifiable within 24 months. For hedges of groups of items, the Bank is required to transfer to subgroups those instruments that reference RFRs. Any hedging relationships that prior to application of IBOR reform Phase 2, have been discontinued solely due to IBOR reform and meet the qualifying criteria for hedge accounting when IBOR reform Phase 2 is applied, must be reinstated upon initial application.

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