

THE HOUSING BANK FOR
TRADE AND FINANCE
(A PUBLIC SHAREHOLDING
LIMITED COMPANY)
AMMAN - THE HASHEMITE
KINGDOM OF JORDAN

CONSOLIDATED FINANCIAL
STATEMENTS FOR THE
YEAR ENDED DECEMBER 31, 2020
TOGETHER WITH THE AUDIT REPORT

THE HOUSING BANK FOR TRADE AND FINANCE
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
DECEMBER 31, 2020

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Audit Report on the Consolidated Financial Statements

AM/ 010923

To The Shareholders of
The Housing Bank for Trade and Finance
(A Public Shareholding Limited Company)
Amman – The Hashemite Kingdom of Jordan

Report on the Audit of the Consolidated Financial statements

Opinion

We have audited the consolidated financial statements of The Housing Bank for Trade and Finance (A Public Shareholding Limited Company) (the Bank") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of income, consolidated statement of comprehensive income, consolidated statement of changes in owners' equity and consolidated 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 Bank as of December 31, 2020, and its consolidated financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the Central Bank of Jordan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (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 Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the Bank's 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.

Other Matter

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

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 current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

A description was provided on how to examine each of the matters referred to below in the audit procedures:

Key Audit Matters

1. Adequate Provision for Credit Losses on Credit Facilities

As described in Note 11 to the consolidated financial statements, the Bank had direct credit facilities of JD 4.5 billion as at December 31, 2020 representing 54.4% of total assets. The expected credit loss (ECL) allowance was JD 431.2 million as at this date.

The determination of the Bank's expected credit losses for credit facilities measured at amortized cost is a material and complex estimate requiring significant management judgement in the evaluation of the credit quality and the estimation of inherent losses in the portfolio. The financial statement risk arises from several aspects requiring substantial judgement of management, such as the estimation of probabilities of default and loss given defaults for various stages, the determination of significant increases in credit risk (SICR) and credit-impairment status (default), the use of different modelling techniques and consideration of manual adjustments. In calculating expected credit losses, the Bank considered credit quality indicators for each loan and portfolios, stratifies loans and advances by risk grades and estimates losses for each loan based upon their nature and risk profile. Auditing these complex judgements and assumptions involves especially challenging auditor judgement due to the nature and extent of audit evidence and effort required to address these matters.

The Bank expected credit losses are calculated against credit exposures, according to the requirements of International Financial Reporting Standard 9 Financial Instruments (IFRS 9) as adopted by the Central Bank of Jordan. Credit exposures granted directly to the Jordanian Government as well as credit expositors guaranteed by Government are excluded from the determination of the allowance for expected credit losses. In addition, expected credit losses are also adjusted to take into consideration any special arrangements with the Central Bank of Jordan.

As disclosed in Note 54, the COVID-19 pandemic significantly impacted management's determination of the ECL and required the application of heightened judgment. To address the uncertainties inherent in the current and future environment and to reflect all relevant risk factors not captured in the Bank's modelled results, management applied quantitative and qualitative adjustments for the impacts of the unprecedented macroeconomic scenarios arising from the pandemic, the temporary effects of the bank and government led payment support programs, which may not completely mitigate future losses, and the impacts to particularly vulnerable sectors affected by COVID-19. The Bank made amendments on the expected credit loss calculation models to take into consideration the potential impact of the COVID 19 pandemic to address the impact on certain sectors or specific customers based on relative cashflow forecasts.

For further information on this key audit matter refer to Notes 11 and 47 to the consolidated financial statements.

How our Audit Addressed the Key Audit Matter

We established an audit approach which includes both testing the design and operating effectiveness of internal controls over the determination of expected credit losses and risk-based substantive audit procedures. Our procedures over internal controls focused on the governance over the process controls around the ECL methodology, completeness and accuracy of loan data used in the expected loss models, management review of outcomes, management validation and approval processes, the assignment of borrowers' risk classification, consistency of application of accounting policies and the process for calculating individual allowances.

The primary substantive procedures which we performed to address this key audit matter included, but were not limited to, the following:

- For a risk-based sample of individual loans, we performed a detailed credit review, assessed the appropriateness of information for evaluating the credit-worthiness and staging classification of individual borrowers and challenged the assumptions underlying the expected credit loss allowance calculations, such as estimated future cash flows, collateral valuations and estimates of recovery as well as considered the consistency of the Bank's application of its impairment policy. Further, we evaluated controls over approval, accuracy and completeness of impairment allowances and governance controls, including assessing key management and committee meetings that form part of the approval process for loan impairment allowances;
- For loans not tested individually, we evaluated controls over the modelling process, including model monitoring, validation and approval. We tested controls over model outputs and the mathematical accuracy and computation of the expected credit losses by re-performing or independently calculating elements of the expected credit losses based on relevant source documents with the involvement of our modelling specialists. We challenged key assumptions, inspected the calculation methodology and traced a sample back to source data. We evaluated key assumptions such as thresholds used to determine SICR and forward looking macroeconomic scenarios including the related weighting;
- We evaluated post model adjustments and management overlays in the context of key model and data limitations identified by the Bank in order to assess the reasonableness of these adjustments, focusing on PD and LGD used for corporate loans, and challenged their rationale;
- We assessed the amendments made by management to respond to COVID-19 by evaluating the model adjustments in relation to macroeconomic factors and the forward looking scenarios which were incorporated into the impairment calculations by utilizing our internal specialists to challenge the multiple economic scenarios chosen and weighting applied to capture non-linear losses; and
- We determined if the amount recorded as the allowance for expected credit losses was determined in accordance with the instructions of the Central Bank of Jordan.
- We tested, utilizing our internal IT specialists, the IT application used in the credit impairment process and verified the integrity of data used as input to the models including the transfer of data between source systems and the impairment models. We evaluated system-based and manual controls over the recognition and measurement of impairment allowances, including the consideration of the economic disruptions caused by COVID 19;

Key Audit Matters

2. Provision for Lawsuits and Legal Claims

The recognition and measurement of provisions for lawsuits and the measurement and disclosure of contingent liabilities in respect of legal claims requires significant judgement to be applied by the directors and as a result is considered to be a key audit matter.

The legal cases, lawsuits raised against the Bank, and provision for lawsuits have been disclosed in notes (21) and (52) in the consolidated financial statements whilst the contingent liabilities are disclosed in note (51) in the consolidated financial statements.

3. IT systems and controls over financial reporting

We identified IT systems and controls over the Bank's financial reporting as an area of focus due to the extensive volume and variety of transactions which are processed daily by the Bank and rely on the effective operation of automated and IT dependent manual controls. There is a risk that automated accounting procedures and related internal controls are not accurately designed and operating effectively. In particular, the incorporated relevant controls are essential to limit the potential error as a result of change to an application or underlying data.

How our Audit Addressed the Key Audit Matter

We assessed the design and implementation of controls in this area.

We discussed and obtained a letter of confirmation from the Group's internal legal counsel about the existence of lawsuits and other legal claims and the related possible liability to the Group as a result of these matters.

We obtained a letter of confirmation from the Group's external legal counsel about the existence of lawsuits and other legal claims and the related possible liability to the Group as a result of these matters.

We assessed the amount provided by management in the statement of financial position in respect of lawsuits and other legal claims to determine if it was adequate.

We assessed the disclosures relating to contingent liabilities arising from legal claims to determine if it was valid, complete and complied with the requirements of IFRSs.

Our audit approach relies on automated controls and therefore the following procedures were designed to test access and control over IT systems:

- We obtained an understanding of the applications relevant to financial reporting and the infrastructure supporting these applications.
- We tested IT general controls relevant to automated controls and computer-generated information covering access security, program changes, data centre and network operations.
- We examined computer generated information used in financial reports from relevant applications and key controls over their report logics.
- We performed testing on the key automated controls on significant IT systems relevant to business processes.

Other Information

Management is responsible for other information. The other information comprises the other information in the annual report, excluding the consolidated financial statements and the independent auditors' report thereon. We expect that the annual report will be made available to us after the date of our audit report. Our opinion on the consolidated financial statements does not cover the other information, and we do not express any form of assurance or conclusion thereon.

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Bank'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 Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank'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 Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the 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 implementation 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 have communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

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

Report on Other Legal and Regulatory Requirements

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

Amman – The Hashemite Kingdom of Jordan
January 31, 2021

Deloitte & Touche (M.E.) – Jordan

Deloitte & Touche (M.E.)

ديلويت آند توش (الشرق الأوسط)
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THE HOUSING BANK FOR TRADE AND FINANCE
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	December 31,	
		2020	2019
		JD	JD
<u>Assets:</u>			
Cash and balances at central banks - net	5	1,125,774,294	1,114,595,764
Balances at banks and financial institutions - net	6	360,632,307	452,515,681
Deposits at banks and financial institutions - net	7	53,681,863	56,296,849
Financial assets at fair value through profit or loss	8	4,455,791	3,673,524
Financial assets at fair value through other comprehensive income	9	371,882,600	388,454,051
Direct credit facilities at fair value through profit or loss	10	130,690,360	-
Direct credit facilities at amortized cost - net	11	3,976,743,772	4,158,821,005
Financial assets at amortized cost - net	12	1,833,842,295	1,826,623,951
Property and equipment - net	13	174,997,134	185,136,052
Intangible assets - net	14	18,995,985	23,582,588
Right of use asset	20/a	25,269,889	28,702,451
Deferred tax assets	22/e	105,241,081	77,273,667
Other assets - net	15	123,841,846	123,562,558
TOTAL ASSETS		<u>8,306,049,217</u>	<u>8,439,238,141</u>
<u>LIABILITIES AND OWNERS' EQUITY:</u>			
<u>LIABILITIES:</u>			
Banks and financial institutions deposits	16	777,725,622	725,249,222
Customers' deposits	17	5,466,474,965	5,810,512,968
Cash margins	18	234,263,330	267,507,285
Borrowed funds	19	314,578,622	158,310,466
Sundry provisions	21	41,573,033	44,324,443
Income tax provision	22/a	48,515,568	46,550,293
Deferred tax liabilities	22/e	8,981,193	6,569,323
Lease liability	20/b	24,365,216	26,734,220
Other liabilities	23	227,714,160	229,666,079
TOTAL LIABILITIES		<u>7,144,191,709</u>	<u>7,315,424,299</u>
<u>OWNERS' EQUITY:</u>			
<u>BANK'S SHAREHOLDERS' EQUITY:</u>			
Authorized and paid-up capital	24	315,000,000	315,000,000
Share premium	24	328,147,537	328,147,537
Statutory reserve	25	243,461,008	235,755,327
Special reserve	25	11,433,336	11,184,797
Foreign currencies translation	26	(120,824,117)	(112,455,441)
Fair value reserve - net	27	9,654,188	5,400,864
Retained earnings	28	313,925,834	285,267,050
TOTAL BANK'S SHAREHOLDERS' EQUITY		<u>1,100,797,786</u>	<u>1,068,300,134</u>
Non-controlling interest		61,059,722	55,513,708
TOTAL OWNERS' EQUITY		<u>1,161,857,508</u>	<u>1,123,813,842</u>
TOTAL LIABILITIES AND OWNERS' EQUITY		<u>8,306,049,217</u>	<u>8,439,238,141</u>

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

THE HOUSING BANK FOR TRADE AND FINANCE
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	For the Year Ended December 31,	
		2020	2019
		JD	JD
Interest income	31	406,430,724	446,277,759
Interest expense	32	(101,908,773)	(149,533,212)
Net Interest Income		304,521,951	296,744,547
Net commission income	33	21,830,553	26,785,632
Net Interest and Commission Income		326,352,504	323,530,179
Gain from foreign currencies	34	9,402,822	10,449,425
Gain (loss) from financial assets at fair value through profit or loss	35	2,331,917	10,450
Cash dividends from financial assets at fair value through other comprehensive income		203,998	226,968
Other income	36	26,003,749	26,762,472
Total Income		364,294,990	360,979,494
Expenses			
Employees' expenses	37	76,664,447	82,900,919
Depreciation and amortization	13,14&20	24,525,115	22,830,232
Other expenses	38	56,743,141	54,146,653
Allowance for expected credit loss - net	39	122,561,051	55,135,145
Sundry provisions - net		2,876,563	13,791,593
Intangible assets impairment loss	14	3,269,893	-
Total Expenses		286,640,210	228,804,542
Profit for the Year before Income Tax Expense		77,654,780	132,174,952
Income tax	22/b	(35,148,526)	(48,467,752)
Profit for the Year		42,506,254	83,707,200
Attributable to:			
Bank's Shareholders		36,614,354	80,866,565
Non-Controlling Interest		5,891,900	2,840,635
		42,506,254	83,707,200
		JD/Fils	JD/Fils
Basic and diluted earnings per share for the year attributable to the Bank's Shareholders	40	0.116	0.257

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THE HOUSING BANK FOR TRADE AND FINANCE
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the Year Ended December 31,	
	2020	2019
	JD	JD
Profit for the year	42,506,254	83,707,200
<u>Other comprehensive income items which may be reclassified to profit or loss in the subsequent period</u>		
Foreign currencies translation	(11,911,608)	889,126
Net change in valuation reserve of financial assets at fair value through comprehensive income after tax - debt instruments	4,332,422	7,853,731
<u>Other comprehensive income items that will not be reclassified to profit or loss in the subsequent period</u>		
Net change in valuation reserve of financial assets at fair value through comprehensive income after tax - equity instruments	(79,098)	(233,242)
Total Comprehensive Income Items for the Year after Tax	(7,658,284)	8,509,615
Total Comprehensive Income for the Year	34,847,970	92,216,815
<u>Attributable to:</u>		
Bank's Shareholders	32,499,002	89,629,361
Non-Controlling Interest	2,348,968	2,587,454
	34,847,970	92,216,815

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

THE HOUSING BANK FOR TRADE AND FINANCE
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

	N o t e	Authorized and paid-up capital	Share Premium	Reserves		Foreign Currency Translation	Fair Value Reserve - Net	Retained Earnings	Total Shareholder's Equity	Non- Controlling Interest	Total Owners' Equity
		JD	JD	Statutory JD	Special JD	JD	JD	JD	JD	JD	JD
For the Year Ended December 31, 2020											
Beginning balance for the year		315,000,000	328,147,537	235,755,327	11,184,797	(112,455,441)	5,400,864	285,267,050	1,068,300,134	55,513,708	1,123,813,842
Prior years adjustments	28	-	-	(51,937)	61,503	-	-	(9,566)	-	-	-
Adjusted beginning balance		315,000,000	328,147,537	235,703,390	11,246,300	(112,455,441)	5,400,864	285,257,484	1,068,300,134	55,513,708	1,123,813,842
Profit for the Year		-	-	-	-	-	-	36,614,354	36,614,354	5,891,900	42,506,254
Net change in valuation reserve of financial assets at fair value through other comprehensive income after tax - debt instruments		-	-	-	-	-	4,332,422	-	4,332,422	-	4,332,422
Net change in valuation reserve of financial assets at fair value through other comprehensive income after tax - equity instruments		-	-	-	-	-	(79,098)	-	(79,098)	-	(79,098)
Foreign currency translation		-	-	-	-	(8,368,676)	-	-	(8,368,676)	(3,542,932)	(11,911,608)
Total Comprehensive Income		-	-	-	-	(8,368,676)	4,253,324	36,614,354	32,499,002	2,348,968	34,847,970
Realized gain from sold financial assets at fair value through other comprehensive income		-	-	-	-	-	-	(1,350)	(1,350)	-	(1,350)
Increase in paid-up capital for subsidiaries		-	-	-	-	-	-	-	-	3,197,046	3,197,046
Transferred to reserves		-	-	7,757,618	187,036	-	-	(7,944,654)	-	-	-
Ending Balance for the Year		315,000,000	328,147,537	243,461,008	11,433,336	(120,824,117)	9,654,188	313,925,834	1,100,797,786	61,059,722	1,161,857,508
For the Year Ended December 31, 2019											
Beginning balance for the year		315,000,000	328,147,537	219,222,999	10,798,320	(113,597,748)	(2,219,625)	268,842,701	1,026,194,184	53,899,390	1,080,093,574
Prior years adjustments		-	-	-	-	-	-	(287,049)	(287,049)	(83,337)	(370,386)
Adjusted beginning balance		315,000,000	328,147,537	219,222,999	10,798,320	(113,597,748)	(2,219,625)	268,555,652	1,025,907,135	53,816,053	1,079,723,188
Profit for the Year		-	-	-	-	-	-	80,866,565	80,866,565	2,840,635	83,707,200
Net change in valuation reserve of financial assets at fair value through other comprehensive income after tax - debt instruments		-	-	-	-	-	7,853,731	-	7,853,731	-	7,853,731
Net change in valuation reserve of financial assets at fair value through other comprehensive income after tax - equity instruments		-	-	-	-	-	(233,242)	-	(233,242)	-	(233,242)
Foreign currency translation		-	-	-	-	1,142,307	-	-	1,142,307	(253,181)	889,126
Total Comprehensive Income		-	-	-	-	1,142,307	7,620,489	80,866,565	89,629,361	2,587,454	92,216,815
Realized gain from sold financial assets at fair value through other comprehensive income		-	-	-	-	-	-	13,638	13,638	-	13,638
Transferred to reserves		-	-	16,532,328	386,477	-	-	(16,918,805)	-	-	-
Dividends paid	28	-	-	-	-	-	-	(47,250,000)	(47,250,000)	(889,799)	(48,139,799)
Ending Balance for the Year		315,000,000	328,147,537	235,755,327	11,184,797	(112,455,441)	5,400,864	285,267,050	1,068,300,134	55,513,708	1,123,813,842

THE HOUSING BANK FOR TRADE AND FINANCE
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONSOLIDATED STATEMENT OF CASH FLOWS

		For the Year Ended December 31,	
	Note	2020	2019
<u>Operating Activities</u>		JD	JD
Profit before income tax		77,654,780	132,174,952
Adjustments for non-cash items:			
Depreciation and amortization	13,14&20	24,525,115	22,830,232
Intangible assets impairment loss	14	3,269,893	-
Provision for expected credit loss	39	122,561,051	55,135,145
Net unrealized gain from the valuation of direct credit facilities at fair value through profit or loss		(1,596,978)	-
Unrealized losses from hedging derivatives valuation		1,596,978	-
Net unrealized (profit) / loss from the valuation of financial assets at fair value through profit or loss		(709,961)	155,561
Cash dividends from financial assets at fair value through other comprehensive income		(203,998)	(226,968)
Net accrued interest and commission income		(10,089,787)	(1,088,028)
Effect of the change in exchange rates on cash and cash equivalents		(5,101,687)	(3,017,264)
Provision for end-of-service indemnity expense		6,008,227	7,681,497
Premiums and discounts amortization		(87,852)	(2,095,051)
Sundry provisions		2,876,563	13,791,593
Others		9,224,119	4,173,664
Cash flows from operating activities before changes in assets and liabilities		229,926,463	229,515,333
<u>Decrease (Increase) in Assets</u>			
Deposits at banks and financial institutions (maturing within more than 3 months)		2,574,171	(18,705,180)
Direct credit facilities		(115,532,137)	46,126,214
Financial assets at fair value through profit or loss		(72,306)	(93,674)
Other assets		(7,080,490)	(4,170,130)
<u>Increase (Decrease) in Liabilities</u>			
Banks and financial institutions' deposits (maturing within more than 3 months)		(4,980,110)	(80,088,970)
Customers' deposits		(257,159,899)	(63,247,887)
Cash margins		(29,316,734)	(8,083,104)
Other liabilities		447,338	9,488,720
Sundry provisions		(8,293,571)	(26,082,475)
Net Cash Flows (Used in) from Operating Activities before Income Tax		(189,487,275)	84,658,847
Income tax paid		(61,112,545)	(53,352,248)
Net Cash Flows (Used in) from Operating Activities		(250,599,820)	31,306,599
<u>Investing Activities</u>			
(Purchase) of financial assets at fair value through comprehensive income		(84,584,261)	(120,269,899)
Sale of financial assets at fair value through comprehensive income		111,590,460	113,666,056
Cash dividends from financial assets at fair value through other comprehensive income		203,998	226,968
(Purchase) of financial assets at amortized cost		(253,382,804)	(655,478,562)
Matured financial assets at amortized cost		245,231,000	318,672,790
(Purchase) of property and equipment	13	(7,758,285)	(11,973,120)
Proceeds from sale of property and equipment		(100,754)	147,193
(Purchase) of intangible assets	14	(4,088,609)	(5,288,973)
Net Cash Flows from (used in) Investing Activities		7,110,745	(360,297,509)
<u>Financing Activities</u>			
Borrowed funds	19	213,944,780	31,307,776
Paid from borrowed funds	19	(57,676,624)	(10,252,185)
Dividends paid to shareholders		(59,313)	(45,047,795)
Paid for lease liabilities	20	(5,671,156)	(7,976,544)
Non-controlling interest		3,197,046	(889,799)
Net Cash Flows from (used in) Financing Activities		153,734,733	(32,858,547)
Net (Decrease) in Cash and Cash Equivalents		(89,754,342)	(361,849,457)
Effect of the change in exchange rates on cash and cash equivalents		(48,493,872)	4,009,878
Cash and cash equivalents - beginning of the year		909,289,435	1,267,129,014
Cash and Cash Equivalents - End of the Year	41	771,041,221	909,289,435

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

THE HOUSING BANK FOR TRADE AND FINANCE
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

- The Housing Bank for Trade and Finance ("the Bank") was established in 1973 and registered as a public shareholding limited company in accordance with the Jordanian Companies Law No. 12 of 1964. The Bank headquarters is located in Amman – The Hashemite Kingdom of Jordan.
- The Bank provides its banking and financing business activities through its headquarters in Amman – Jordan; its branches in Jordan (118 branches); its branches abroad in Palestine and Bahrain (16 branches); and its subsidiaries in Jordan, Syria, Algeria, and the United Kingdom.
- The Bank's shares are traded on Amman Stock Exchange.
- The consolidated financial statements were approved by the Bank's Board of Directors in their meeting held on January 21, 2021 and it is subject to the approval of the general assembly of shareholders.

2. Significant Accounting Policies

Basis of consolidated financial statements preparation

The accompanying consolidated financial statements for the Bank have been prepared in accordance with the standards issued by the International Accounting Standards Board, and interpretations of the International Financial Reporting Interpretation Committee arising from the International Accounting Standards Committee, as adopted by Central Bank of Jordan.

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

- Provisions for expected credit losses are calculated in accordance with the Central Bank of Jordan (CBJ) instructions No. (13/2018) "International Financial Reporting Standard No. (9) Implementation" dated June 6, 2018 and in accordance with the regulatory authorities instructions in the countries that the Bank operates whichever is more strict, the main significant differences are as follows:
 - Exclusion of the Debt instruments issued or guaranteed by the Jordanian Government, so that credit exposures issued or guaranteed by the Jordanian Government are treated with no credit losses.
 - When calculating credit losses against credit exposures, the calculation results in accordance to International Financial Reporting Standards (9) are compared with the calculation as per the instructions of the Central Bank of Jordan No. (47/2009) dated December 10, 2009 for each stage separately and the stricter results are recorded.
 - In accordance with the instructions of the Central Bank of Jordan and the instructions of the supervisory authorities in the countries in which the bank operates, interest and commissions are suspended on non-performing credit facilities.
- Assets seized by the Bank are shown in the consolidated statement of financial position among other assets at their current value when seized by the Bank or at fair value, whichever is lower, and are individually reassessed on the date of the consolidated financial statements. Any impairment loss is recorded in the consolidated statement of profit or loss while any increase in the value is not recorded as revenue. Subsequent increase is taken to the consolidated statement of profit or loss to the extent of not exceeding the previously recorded impairment. Also effective beginning of 2015, a gradual provision was made for assets seized against debts for a period over 4 years, according to the Central Bank of Jordan Circular No. 15/1/4076 dated March 27, 2014 and No. 10/1/2510 dated February 14, 2017. The Central Bank of Jordan has issued Circular No. 10/1/13967 dated October 25, 2018, on which it approved the extension of Circular No. 10/1/16607 dated December 17, 2017, whereby it had confirmed to postpone the provision calculation until the end of 2019. According to the Central Bank of Jordan Circular No. 10/1/16239 dated November 21, 2019, the deduction of the provisions required against seized assets should continue at a rate of 5% of the total book values of these properties (regardless of the violation period) from the year of 2021, until the required percentage of 50% is reached by the end of 2029.
- Additional provisions are calculated in the consolidated financial statements against some of the Bank's foreign investments in some neighbouring countries.

The consolidated financial statements have been prepared under the historical cost, except for certain financial instruments that have been measured at fair value at the end of each financial period, as described in the accounting policies below.

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

The accounting policies adopted in preparing the consolidated financial statements are consistent with those applied in the year ended December 31, 2019, except for the effect of the application of the new and revised standards applied on or after January 1, 2020 as stated in Note (3-a).

Basis of Consolidation

The consolidated financial statements include the financial statements of the Bank and its subsidiaries under its control. Moreover, control is achieved when the Bank has the power to govern the financial and operating policies of its subsidiaries in order to obtain benefits from their activities. Transactions, balances, income and expenses between the Bank and its subsidiaries are eliminated between the Bank and its subsidiaries.

As of December 31, 2020 the Bank owns the following subsidiaries:

A. Foreign subsidiaries

- International Bank for Trade and Finance / Syria (paid-up capital is Syrian Lira 5.25 billion, of which the Bank owns 49.063%). The Bank has the power to control the operating, financial and administrative policies and of this bank. Therefore, its financial statements have been consolidated with the financial statements of the Bank. In this regard, the Bank's main objective is to conduct commercial banking activities, and ownership of this bank dates back to 2003. In addition, the International Bank for Trade and Finance has a subsidiary – The International Financial Center/ Syria with an ownership percentage of 85% of the company's capital amounting to 100 million SYL, whereas the Housing Bank for Trade and Finance owns a percentage of 5% of the company's capital.
- Housing Bank for Trade and Finance – Algeria: (ownership is 85% of the bank's capital of 20 billion Algerian dinars). The main objective of this bank is to conduct commercial banking activities, and ownership of this bank dates bank to 2002.
- Jordan International Bank / London: (ownership is 75% of paid-up capital, which amounts to 65 million pounds sterling (65 million shares). The bank conducts all banking activities.

B. Local subsidiaries

- International Financial Center Company / Jordan (paid-up capital JD 5 million, of which the Bank owns 77.5%). The Company's main activity is financial brokerage in Amman Stock Exchange (ASE) and other exchange markets (Stock markets) in the Hashemite Kingdom of Jordan and outside Jordan, and it conducts purchase and sale transactions of financial instruments for customers and the company. The Bank's ownership in this company dates back to 1998.
- Specialized Lease Finance Company / Jordan, of which the Bank owns 100% of paid- up capital of JD 30 million. The Company's main activity is to conduct finance leases for various types of equipment and machinery, in addition to real estate, land, vehicles, and other items purchased by the company for finance lease purposes. The Bank's ownership in this company dates back to 2005.
- Jordan Real Estate Investments Company - Jordan. The Bank owns 100% of this company's paid-up capital of JD 40,000. The company's main activity is managing non-banking services employees, and the Bank's ownership in this company dates back to 1997.

The results of the subsidiaries' operations in the consolidated statement of profit or loss effective from their acquisition date, which is the date on which control over the subsidiaries is effectively transferred to the Bank. Furthermore, the results of the disposed-of subsidiaries are consolidated in the consolidated statement of profit or loss up to the date of their disposal, which is the date on which the Bank loses control over the subsidiaries.

Control is achieved when the Bank:

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

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above. When the Bank has less than the majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. In this regard, the Bank considers all relevant facts and circumstances in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power, including:

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

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

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

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

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

Segment Information

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

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

Net Interest Income

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

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

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

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

Net Fees and Commission Income

Fees and commission income and expense include fees other than those that are an integral part of the effective interest rate. The fees included in this part of the Bank's consolidated statement of profit or loss include, among other things, fees charged for servicing a loan, non-utilization fees relating to loan commitments when it is unlikely that these will result in a specific lending arrangement, and loan syndication fees.

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

Contracts with customers that results in a recognition of financial instrument may be partially related to of IFRS 9 or IFRS 15. In this case, the commission related to IFRS 9 portion is recognized, and the remaining portion is recognized as per IFRS 15.

Net Trading Income

Net trading income includes all gains and losses from changes in the fair value of financial assets and financial liabilities held for trading. The Bank has elected to present the full fair value movement of trading assets and liabilities in trading income, including any related interest income, expense, and dividends.

Net Income from Other Financial Instruments at Fair Value through Profit or Loss

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

The fair value movement on derivatives held for economic hedging where hedge accounting is not applied are presented in 'Net income from other financial instruments at fair value through the statement of profit or loss. However, for designated and effective fair value hedge accounting relationships, the gains and losses on the hedging instrument are presented in the same line in the statement of profit or loss as the hedged item. For designated and effective cash flow and net investment hedge accounting relationships, the gains and losses of the hedging instrument, including any hedging ineffectiveness included in the statement of profit or loss, are presented in the same line as the hedged item that affects the statement of profit or loss.

Dividend Income

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

The presentation of dividend income in the statement of profit or loss depends on the classification and measurement of the equity investment, i.e.:

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

Financial Instruments**Initial Recognition and Measurement**

Financial assets and financial liabilities are recognized in the Bank's consolidated statement of financial position when the Bank becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognized as soon as they are credited to the customer's account.

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

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

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

After initial recognition, the deferred gain or loss will be recognized in the statement of profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability or when derecognizing the instruments.

Financial Assets

Initial Recognition

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

Subsequent Measurement

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

Specifically:

- Debt instruments held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortized cost;
- Debt instruments held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at fair value through other comprehensive income;
- All other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at fair value through profit or loss.

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

- The Bank may irrevocably select to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, in other comprehensive income; and
- The Bank may irrevocably designate a debt instrument that meets the amortized cost or fair value through other comprehensive income criteria as measured at fair value through the statement of income, if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

Debt Instruments at Amortized Cost or at Fair Value through Other Comprehensive Income

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

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

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

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

Assessment of Business Models

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

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

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

- The stated policies and objectives of the portfolio and application of those policies whether the management strategy focuses on obtaining contractual revenues, maintaining specific profit rate matching the profit of financial assets with the period of financial liabilities that finance those assets.
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- How the business managers are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Bank determines whether newly recognized financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Bank reassess its business models each reporting period to determine whether the business models have changed since the preceding period.

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

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

Financial Assets at fair Value through Profit or Loss

Financial assets at fair value through profit or loss are:

- Assets with contractual cash flows that are not solely payments of principal and interest; or/and
- Assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- Assets designated at fair value through profit or loss using the fair value option.

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

Reclassifications

If the business model under which the Bank holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model, which results in reclassifying the Bank's financial assets. The changes in the contractual cash flows are considered under the accounting policy on the modification and de-recognition of financial assets described below.

Foreign Exchange Gains and Losses

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

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

Fair Value Option

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

- If the selection leads to a significant cancellation or reduction of the accounting mismatch.
- If the financial liabilities are part of a portfolio managed on a fair value basis, in accordance with a documented risk management or investment strategy; or
- If a derivative is included in the underlying financial or non-financial contract, and the derivative is not closely related to the underlying contract.

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

Impairment

The Bank recognizes loss allowances for expected credit losses on the following financial instruments that are not measured at fair value through the statement of income:

- Balances and deposits at banks and financial institutions;
- Direct credit facilities (Loans and advances to customers);
- Financial assets at amortized cost (Debt investment securities);
- Financial assets at fair value through other comprehensive income;
- Off statement of financial position exposures subject to credit risk (Financial guarantee contracts issued).

No impairment loss is recognized on equity investments.

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

- 12-month expected credit loss, i.e. lifetime expected credit loss that results from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- 12-month expected credit loss, i.e. lifetime expected credit loss that results from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

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

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

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

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

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

Provisions for expected credit losses are calculated in accordance with the Central Bank of Jordan instructions No. (2018/13) "Adoption of IFRS 9" on June 6, 2018, and according to the instruction of the supervisory authorities in the countries in which the Bank operates, whichever is stronger, the material differences is as follows:

- Elimination of debt instrument issued or granted by the Jordanian Government so that credit exposures is resolved on the Jordanian Government and by its guarantee without credit losses.
- When calculating the credit losses against credit exposures, a calculation comparasion according to IFRS 9 with Central Bank of Jordan instructions No. (2009/47) dated December 10, 2009 for each stage individual, the stronger results is taken.

Credit-impaired Financial Assets

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

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

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

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

Purchased or Originated Credit-impaired (POCI) Financial Assets

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

Definition of Default

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

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

- The borrower is past due more than 90 days on any material credit obligation to the Bank; or
- The borrower is unlikely to pay its credit obligations to the Bank in full.

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

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

Significant Increase in Credit Risk

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

The Bank's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result, the Bank monitors all financial assets, issued loan commitments, and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

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

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

For corporate lending, forward-looking information includes the future prospects of the industries in which the Bank's counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various internal and external sources of actual and forecast economic information. For retail lending, forward-looking information includes the same economic forecasts as corporate lending with additional forecasts of local economic indicators, particularly for regions with a concentration to certain industries, as well as internally generated information of customer payment behavior. The Bank allocates its counterparties to a relevant internal credit risk grade depending on their credit quality. The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime probability of default by comparing:

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

The probability of default used is forward looking, and the Bank uses the same methodologies and data used to measure the loss allowance for expected credit loss.

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

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

As a backstop when an asset becomes more than 35 days past due, the Bank considers that a significant increase in credit risk has occurred, and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime expected credit loss.

Modification and Derecognition of Financial Assets

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

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

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

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

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

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

- The remaining lifetime probability of default estimated based on data at initial recognition and the original contractual terms; with
- The remaining lifetime probability of default at the reporting date based on the modified terms.

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

When the modification does not lead to derecognition, the Bank calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the provision for expected credit loss). Then the Bank measures expected credit loss for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Bank derecognizes a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognize the financial asset and recognizes a collateralized borrowing for the proceeds received.

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

Write-off

Financial assets are written off when the Bank has no reasonable expectations of recovering the financial asset. This is the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Bank may apply enforcement activities to financial assets written off. Recoveries resulting from the Bank's enforcement activities will be recognized in consolidated statement of profit or loss when it's recovered.

Presentation of Allowance for Expected Credit Loss in the Consolidation Statement of Financial Position

Loss allowances for expected credit loss are presented in the consolidated statement of financial position as follows:

- For financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;
- For debt instruments measured at fair value through other comprehensive income: no loss allowance is recognized in the consolidated statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the investments revaluation reserve.
- For loan commitments and financial guarantee contracts: as a provision; and
- Where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the expected credit loss on the loan commitment component separately from those on the drawn component: the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

Loans and advances

The "loans and advances" included in the consolidated statement of financial position as follows:

- Loans and advances measured at amortized cost, which are initially measured at fair value plus additional direct transaction costs, and later at amortized cost using the effective interest method.
- Loans and advances that are measured at fair value through profit or loss, or that determined as being at fair value through profit or loss; measured at fair value and recognize changes directly in profit or loss; and
- Lease obligations.
- Interest and commissions are suspended on non-performing credit facilities granted to clients in accordance with the instructions of the Central Bank of Jordan.
- All related credit facilities and outstanding interest covered by the provision are transferred out of the consolidated statement of financial position, and this according to the decisions of board of directors in this regards.
- The outstanding accounts interest with lawsuits outside the consolidated statement of financial position are recognized in accordance with the decisions of the board of directors in this regards.

When the Bank purchases a financial assets and concludes an agreement simultaneously to resell the asset (or a substantially similar asset) at a fixed price. At later date (repurchase or borrow the shares) the consideration paid is calculated as a loan or advance, and the asset is not recognized in the Bank financial statements.

Financial Liabilities and Equity

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

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

Equity Instruments

Paid up Capital

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

Treasury Shares

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

Compound Instruments

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

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

Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or 'other financial liabilities'.

Financial liabilities at Fair Value Through Statement of Profit or Loss

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

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

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

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

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

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

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

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

Other Financial Liabilities

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

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

Derecognition of Financial Liabilities

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

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

Derivative Financial Instruments

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

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

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

Embedded Derivatives

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

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

Financial Guarantee Contracts

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

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

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

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

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

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

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

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

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

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

Derivatives

Derivatives for Trading

The fair value of derivative financial instruments held for trading (such as forward foreign exchange contracts, future interest contracts, swaps, foreign exchange options rights) is recognized in the consolidated statement of financial position, and fair value is determined at the prevailing market rates. If this information is not available, the assessment methodology is disclosed, and the change in fair value is recognized in the consolidated statement of profit or loss.

Hedge Accounting

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

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

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

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

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

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

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

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

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

Fair Value Hedges

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

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

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

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

Cash Flow Hedges

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

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

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

Hedges of Net Investments in Foreign Operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain/loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated in the foreign currency translation reserve.

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

Offsetting

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

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, fees and commissions on such accounts are shown in the consolidated statement of profit or loss, a provision against the impairment in the capital-guaranteed portfolios managed on behalf of customers is taken.

Fair value

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

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

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

Provisions

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

Employees Benefits

Short term employee benefits

Employees short term benefits are recognised as expenses when delivering relevant services. Liability is recorded against the related commitment when the bank is legally obliged implicitly or explicitly to pay for past services rendered by the employee and the liability can be estimated reliably.

Other long term employee benefits

The Bank's net liabilities relating to employee benefits are the amount of future benefits that employees have received for their services in the current and previous periods. A provision is made to meet the statutory and contractual obligations for employees to end the service for each employee for the date of the consolidated statement of financial position in accordance with the internal regulations of the Bank.

Assets Seized by the Bank

Assets foreclosed by bank are presented at the consolidated statement of financial position within other assets at fair value or at the value of their ownership by the bank whichever is less, at the date of the consolidated financial statements these assets gets re-evaluated individually, and any impairment in their value is recorded as a loss in the consolidated statement of profit or loss but the increase is not recorded as revenue, Subsequent value increase is taken to the consolidated statement of profit or loss to the extent that it does not exceed the previously recorded impairment amount.

Starting from the year 2015 and in accordance with the Central Bank of Jordan circular No. 10/1/4076 dated March 27, 2014 and circular No. 10/1/2510 dated February 14, 2017, the Bank has started to calculate gradual provision against the assets foreclosed by the Bank in exchange of credit facilities that have been in possession for more than 4 years. Central Bank of Jordan issued circular No. 10/1/16239 dated November 21, 2019 approving the extension of circular No. 10/1/2150 dated February 14, 2017, in which it confirmed postponing the provision calculation until the end of year 2020 and amending the second clause of it.

Income Tax

Tax expense comprises of current tax and deferred taxes.

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

Tax is calculated based on tax rates and laws that are applicable in the country of operation.

Deferred tax is the tax expected to be paid or recovered due to temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates expected to be applied in the period when the asset is realized or the liability is settled, based on the laws enacted or substantially enacted at the date of the consolidated statement of financial position.

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

Mortgaged Financial Assets

These financial assets are mortgaged to third parties with the right to sell or re-mortgage. These financial assets are revalued according to the accounting policies at the date of initial classification.

Repurchase and Resale Agreements

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

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

Property and Equipment

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

The depreciation rates used are as follows:

	%
Buildings	2
Equipment, furniture and fixtures	5-15
Vehicles	20
Applications and Computer	10-33

If such indication exists and when the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount, and the impairment is charged to statement of profit or loss.

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

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

Intangible Assets

Goodwill

Goodwill is initially measured at cost, being the excess of the cost of acquisition or purchase of investment in an associate or subsidiary company over the Bank's share in the net fair value of the identifiable assets at the date of acquisition. Goodwill arising from the investment in subsidiaries will be separately shown under intangible assets, while that arising from the investment in associates will be shown as part of investment in associates and subsequently adjusted for any impairment losses.

Goodwill is allocated to each of the cash-generating units, or groups of cash-generating units for the purpose of impairment testing.

Goodwill is tested for impairment, at the date of the consolidated financial statements, if events or changes in circumstances indicate that the estimated recoverable amount of a cash-generating unit or group of cash-generating units is less than their carrying amount. Moreover, impairment losses are charged to the consolidated statement of profit or loss.

Other Intangible Assets

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

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

Internally generated intangible assets are not capitalized and are expensed in the consolidated statement of profit or loss in the same period.

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

Computer software: are amortized using the straight -line method during a period that does not exceed 3 years from acquisition date.

Impairment of non-financial asset

The carrying amount of the bank's non-financial asset is reviewed at the end of each fiscal year except for the deferred tax assets, to determine if there is an indication of impairment, and if there is an indication of impairment, the amount recoverable from these assets will be estimated.

If the carrying amount of the assets exceeds the recoverable amount from those assets, the impairment loss is recorded in these assets.

The recoverable amount is the fair value of the asset – less cost of sales – or the value of its use, whichever is greater.

All impairment losses are recognized in the consolidated statement of profit or loss and other comprehensive income.

The impairment loss for goodwill is not reversed, for other assets, the impairment loss is reversed only if the value of the carrying amount of the assets does not exceed the book value that was determined after the depreciation or amortization has been reduced if the impairment loss is not recognized in value.

Foreign Currencies

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

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

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

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

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

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

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

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash balances with central banks and balances with banks and financial institutions that mature within three months, less banks and financial institutions deposits that mature within three months and restricted balances.

Earning per Share

The bank calculate basic and diluted EPS data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss that is attributable to ordinary shareholders of the Bank by the weighted-average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss that is attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Lease contracts

The Bank as a Lessee

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

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

The lease payments included in the rental obligation measurement include:

- Fixed rental payments (essentially including fixed payments), minus accrued receivable rental incentives;
- Variable rental payments that depend on an index or rate, initially measured using the indicator or the rate at the date the contract begins.
- The amount expected to be paid by the lessee under the residual value guarantees.
- The price of the exercise of purchase options, if the lessee is reasonably certain of the exercise of the options; and
- Paying the contract termination fines, if the lease reflects the exercise of the lease termination option.

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

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

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

- The lease term has changed or there is an event or important change in the conditions that lead to a change in the exercise of the purchase option assessment, in which case the lease obligations are re-measured by deducting the adjusted lease payment using the adjusted discount rate.
- Lease payments change due to changes in an index, rate, or change in expected payments under the guaranteed residual value, in which cases the lease obligation is re-measured by deducting the modified rental payments using a non-variable discount rate (unless the rental payments change due to a change in the floating interest rate, in this case the adjusted discount rate is used).
- The lease contract is adjusted and the lease amendment is not accounted as a separate lease, in which case the lease obligation is re-measured based on the duration of the adjusted lease contract by deducting the adjusted rental payments using the adjusted discount rate at the actual price at the date of the amendment.

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

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

The Bank applies International Accounting Standard (36) to determine whether the value of the right to use has decreased its value and calculates any impairment losses as described in the policy of "property and equipment".

Variable rents that are not dependent on an index or rate are not included in the measurement of lease obligations and right to use assets. Related payments are recognized as an expense in the period in which the event or condition that leads to these payments occurs and are included in "Other Expenditures" in the statement of profit or loss.

The Bank as a Lessor

The Bank enters into lease contracts as a lessor in regard with some investment properties.

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

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

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

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

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

3. Application of New and Amended International Financial Reporting Standards

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

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

New and revised standards	Amendments to new and revised IFRSs
Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments Disclosures relating to interest rate benchmark reform	<p>The changes modify specific hedge accounting requirements so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform;</p> <p>The changes are not intended to provide relief from any other consequences arising from interest rate benchmark reform (if a hedging relationship no longer meets the requirements for hedge accounting for reasons other than those specified by the amendments, discontinuation of hedge accounting is required); and</p> <p>The changes require specific disclosures about the extent to which the entities' hedging relationships are affected by the amendments.</p>
Amendment to IFRS 3 Business Combinations relating to definition of a business	<p>The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They:</p> <ul style="list-style-type: none">• clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;• narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;• add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;• remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and• add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

New and revised standards

Amendments to References to the Conceptual Framework in IFRS Standards - amendments to IFRS 2 Share-based payment, IFRS 3 Business Combinations, IFRS 6 Exploration for and Evaluation of Mineral Resources, IFRS 14 Regulatory Deferral Accounts, IAS 1 Presentation of Financial Statements, IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, IAS 34 Interim Financial Reporting, IAS 37 Provisions, Contingent Liabilities and Contingent Assets, IAS 38 Intangible Assets, IFRIC 12 Service Concession Arrangements, IFRIC 19 Extinguishing of Financial Liabilities with Equity Instruments, IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine, IFRIC 22 Foreign Currency Transactions and Advance Consideration, and SIC-32 Intangible Assets – Web Site Costs to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors relating to definition of material

Amendments to IFRS 16 Leases relating to Covid-19-Related Rent Concessions

Amendments to new and revised IFRSs

The Group has adopted the amendments to IFRS 2, IFRS 6, IFRS 15, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC 21 in the current year.

Three new aspects of the new definition should especially be noted:

- Obscuring. The existing definition only focused on omitting or misstating information, however, the Board concluded that obscuring material information with information that can be omitted can have a similar effect. Although the term obscuring is new in the definition, it was already part of IAS 1 (IAS 1.30A).
- Could reasonably be expected to influence. The existing definition referred to 'could influence' which the Board felt might be understood as requiring too much information as almost anything 'could' influence the decisions of some users even if the possibility is remote.
- Primary users. The existing definition referred only to 'users' which again the Board feared might be understood too broadly as requiring to consider all possible users of financial statements when deciding what information to disclose.

The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

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

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

New and revised standards	Effective for annual periods beginning on or after
Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases)	January 1, 2021
<p>The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.</p>	
Amendments to IFRS 3 Business Combinations relating to Reference to the Conceptual Framework	January 1, 2022
<p>The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.</p>	
Amendments to IAS 16 Property, Plant and Equipment relating to Proceeds before Intended Use	January 1, 2022
<p>The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.</p>	
Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets relating to Onerous Contracts - Cost of Fulfilling a Contract	January 1, 2022
<p>The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).</p>	
Annual Improvements to IFRS Standards 2018 – 2020	January 1, 2022
<p>Makes amendments to the following standards:</p>	
<ul style="list-style-type: none">• IFRS 1 First-Time Adoption of International Financial Reporting Standards – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.• IFRS 9 Financial Instruments – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.• IFRS 16 Leases – The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.• IAS 41 Agriculture – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.	

New and revised standards	Effective for annual periods beginning on or after
Amendments to IAS 1 Presentation of Financial Statements relating to Classification of Liabilities as Current or Non-Current	January 1, 2023
<p>The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.</p>	
Amendments to IFRS 4 Insurance Contracts Extension of the Temporary Exemption from Applying IFRS 9	January 1, 2023
<p>The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.</p>	
IFRS 17 Insurance Contracts	January 1, 2023
<p>IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2023.</p>	
Amendments to IFRS 17 Insurance Contracts	January 1, 2023
<p>Amends IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 Insurance Contracts was published in 2017. The main changes are:</p>	
<ul style="list-style-type: none"> • Deferral of the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023. • Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk. • Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognised in a business acquired in a business combination. • Clarification of the application of IFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level. • Clarification of the application of contractual service margin (CSM) attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements. • Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives. • Amendments to require an entity that at initial recognition recognises losses on onerous insurance contracts issued to also recognise a gain on reinsurance contracts held. • Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts. • Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach. 	
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture	Effective date deferred indefinitely. Adoption is still permitted.

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

4. Significant Accounting Judgments and key Sources of Uncertainty Estimates

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

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

Critical judgements in applying the group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are disclosed below), that the managements have made in the process of applying the Bank's accounting policies and that have the most significant effect on the amounts recognized in consolidated financial statements:

Evaluation of business model

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

Significant increase in credit risk

The expected credit loss is measured as an allowance equivalent to the expected credit loss of 12 months for the assets of the first stage, or the credit loss over the life of the assets of the second or third stage. The asset moves to the second stage if credit risk increases significantly since initial recognition. IFRS (9) does not specify what constitutes a significant increase in credit risk. In assessing whether the credit risk of any asset has increased significantly, the Bank takes into account reasonable and reliable quantitative and qualitative information. The estimates used by the Bank's management concerning the significant change in credit risk that result in a change in the classification within the three stages (1, 2 and 3) are shown in details in note (47).

Establish groups of assets with similar credit risk characteristics

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

Re-division of portfolios and movements between portfolios

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

Models and assumptions used

The Bank uses various models and assumptions in measuring the fair value of financial assets as well as in assessing the expected credit loss described in Note (47). The judgment is applied when determining the best models for each type of asset as well as for the assumptions used in those models, which include assumptions regarding the main drivers of credit risk.

a. Classification and measurement of financial assets and liabilities

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

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

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

b. Fair value measurement

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

c. Derivative financial instruments

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

- The expected timing and probability of future cash flows on the instrument where such cash flows are generally subject to the terms of the instrument, although Management's judgment may be required where the counterparty's ability to repay the instrument in accordance with contractual terms is in doubt; and
- An appropriate discount rate for the instrument. Management determines the instrument discount rate at a rate higher than the non-risk rate. In assessing the instrument by reference to comparative instruments, Management considers the maturity, structure, and degree of classification of the instrument based on the system in which the existing position is compared. When evaluating tools on a model basis using the fair value of the main components, Management also considers the need to make adjustments for a number of factors, such as bid differences, credit status, portfolio service costs, and uncertainty about the model.

Determining the duration of the lease

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

Impairment of intangible assets with infinite life

Management is required to use significant judgments and estimates to determine whether intangible assets with indefinite life is impaired through estimation of the value in use of the cash-generating units to which has been allocated. The value in use calculation requires the Bank's Management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Details of the estimates used to assess the impairment of goodwill are disclosed in Note 14.

Key Sources of Uncertain Estimates

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

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

When measuring the expected credit loss, the Bank uses reasonable and supported future information based on the assumptions of the future movement of the various economic drivers and the manner in which they affect each other.

Probability of default

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

Loss given default

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

Fair value measurement and valuation procedures

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

Provision for expected credit losses

Management is required to use significant judgments and estimates to estimate the amounts and timing of future cash flows and assess the risks of a significant increase in credit risks for financial assets after initial recognition and future measurement information for the expected credit losses. The most important policies and estimates used by the Bank's management are detailed in Note (47).

Impairment of property acquired

Impairment in value of properties acquired is recognized based on recent real estate valuations by qualified independent evaluators for calculating the asset impairment, which is reviewed periodically. Considered from the beginning of the year 2015 a gradual provision for real estate acquired in exchange for debts that have expired over a period of more than 4 years, according to the generalization from the Central Bank of Jordan No 15/1/4076 dated on March 27, 2014 and No. 10/1/2510 dated on February 14, 2017. Knowing that the Central Bank of Jordan has issued circular No. 10/1/16239 dated on November 21, 2019, decided to extend the circular 10/1/2150 dated on February 14, 2017, after postponing the provision calculation until the year end of 2020 and adjusting the second clause of it.

Productive lifespan of tangible assets and intangible assets

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

Income tax

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

Litigation provision

A provision is made to meet any potential legal liabilities based on a legal study prepared by the Bank's legal counsel. This study identifies potential future risks and is reviewed periodically.

Provision for end-of-service indemnity

The provision for end-of-service indemnity, representing the Bank's obligations to employees, is calculated in accordance with the Bank's internal regulations.

Assets and liabilities at cost

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

Extension and termination options in leases

Extension and termination options are included in a number of leases. These terms are used to increase operational flexibility in terms of contract management, and most of the retained extension and termination options are renewable by both the bank and the lessor.

Discounting of lease payments

Leasing payments are deducted using the Bank's additional borrowing rate ("IBR"). The Administration applied the provisions and estimates to determine the additional borrowing rate at the start of the lease.

5. Cash and Balances at Central Banks - Net

The details of this item are as follows:

	December 31,	
	2020	2019
	JD	JD
Cash in hand and treasury	122,074,433	146,664,149
Balances at central banks:		
Current accounts and demand deposits	746,163,935	494,632,182
Term and notice deposits	38,749,073	46,442,778
Statutory cash reserve	218,827,845	341,875,608
Certificates of deposit *	-	85,004,400
Total Balances at Central Banks	1,003,740,853	967,954,968
Total Cash and Balances at Central Banks	1,125,815,286	1,114,619,117
Provision for expected credit loss **	(40,992)	(23,353)
Net Cash and Balances at Central Banks	1,125,774,294	1,114,595,764

* There are no certificate of deposits purchased from the Central Bank of Jordan maturing within a period of three months as of December 31, 2020 and 2019.

Except for the statutory cash reserve, there are no restricted balances as of December 31, 2020 and 2019.

The movement on cash and balances at central banks during the the year was as follows:

	2020			
	Stage (1) Individual JD	Stage (2) Individual JD	Stage (3) JD	Total JD
Balance - beginning of the year	967,954,968	-	-	967,954,968
New balances during the year	1,003,740,853	-	-	1,003,740,853
Paid balances	(967,954,968)	-	-	(967,954,968)
Balance - End of the Year	1,003,740,853	-	-	1,003,740,853

	2019			
	Stage (1) Individual JD	Stage (2) Individual JD	Stage (3) JD	Total JD
Balance - beginning of the year	1,039,140,400	-	-	1,039,140,400
New balances during the year	967,954,968	-	-	967,954,968
Paid balances	(1,039,140,400)	-	-	(1,039,140,400)
Balance - End of the Year	967,954,968	-	-	967,954,968

There are no transfers between stages (1, 2 and 3) or written-off balances during the year ended December 31, 2020 and 2019.

** This item represents the provision for expected credit loss for the balances of the Central Bank / Syria, the movement during the years 2020 and 2019 was as follow:

	2020	2019
	JD	JD
Beginning balance	23,353	-
Expected credit losses during the year	17,639	23,353
Balance – End of the Year	40,992	23,353

6. Balances at Banks and Financial Institutions – Net

The details of this item are as follows:

Description	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	December 31,		December 31,		December 31,	
	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD
Current accounts and demand deposits	21,544,629	34,104,009	150,140,120	155,112,950	171,684,749	189,216,959
Deposits maturing within or less than 3 months	38,591,665	99,804,101	150,468,829	163,712,055	189,060,494	263,516,156
Total	60,136,294	133,908,110	300,608,949	318,825,005	360,745,243	452,733,115
Provision for expected credit loss	(29,317)	(206,701)	(83,619)	(10,733)	(112,936)	(217,434)
Net	60,106,977	133,701,409	300,525,330	318,814,272	360,632,307	452,515,681

- Non-interest bearing balances at banks and financial institutions amounted to JD 25,073,162 as of December 31, 2020 (JD 28,830,901 as of December 31, 2019).
- There were no restricted balances as of December 31, 2020 and 2019.
- The movement on balances at banks and financial institutions for the the year ended December 31, 2020 and 2019 was as follows:

2020			
Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
JD	JD	JD	JD
Balance - beginning of the year	452,733,115	-	452,733,115
New balances during the year	360,745,243	-	360,745,243
Paid balances	(452,733,115)	-	(452,733,115)
Balance - End of the Year	360,745,243	-	360,745,243

2019			
Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
JD	JD	JD	JD
Balance - beginning of the year	552,644,472	-	552,644,472
New balances during the year	452,733,115	-	452,733,115
Paid balances	(552,644,472)	-	(552,644,472)
Balance - End of the Year	452,733,115	-	452,733,115

- The following represents the movement on the provision for expected credit lossess for deposits balances at banks and financial institutions during the year ended December 31, 2020 and 2019:

2020			
Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
JD	JD	JD	JD
Balance - beginning of the year	217,434	-	217,434
Impairment on new balances during the year	112,936	-	112,936
Reversed from impairment on paid balances	(217,434)	-	(217,434)
Balance - End of the Year	112,936	-	112,936

2019			
Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
JD	JD	JD	JD
Balance - beginning of the year	208,080	-	208,080
Impairment on new balances during the year	217,434	-	217,434
Reversed from impairment on paid balances	(208,080)	-	(208,080)
Balance - End of the Year	217,434	-	217,434

7. Deposits at Banks and Financial Institutions – Net

The details of this item are as follows:

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	December 31,		December 31,		December 31,	
	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD
Deposits mature during the period:						
From 3 months to 6 months	30,000,000	-	21,918,417	7,653,875	51,918,417	7,653,875
From 6 months to 9 months	-	30,000,000	1,542,962	6,832,950	1,542,962	36,832,950
From 9 months to 12 months	-	-	456,238	12,004,964	456,238	12,004,964
Total	30,000,000	30,000,000	23,917,617	26,491,789	53,917,617	56,491,789
Provision for expected credit losses	(10,207)	(20,978)	(225,547)	(173,962)	(235,754)	(194,940)
Net	29,989,793	29,979,022	23,692,070	26,317,827	53,681,863	56,296,849

- There were no restricted deposits as of December 31, 2020 and 2019.
- The movement on deposits at banks and financial institutions for the the year ended December 31, 2020 and 2019 was as follows:

	2020			
	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
	JD	JD	JD	JD
Balance - beginning of the year	56,491,789	-	-	56,491,789
New balances during the year	53,917,617	-	-	53,917,617
Paid balances	(56,491,789)	-	-	(56,491,789)
Balance - End of the Year	53,917,617	-	-	53,917,617

	2019			
	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
	JD	JD	JD	JD
Balance - beginning of the year	37,786,609	-	-	37,786,609
New balances during the year	56,491,789	-	-	56,491,789
Paid balances	(37,786,609)	-	-	(37,786,609)
Balance - End of the Year	56,491,789	-	-	56,491,789

- The following represents the movement on the provision for expected credit lossess for deposits deposits at banks and financial institutions during the year ended December 31, 2020 and 2019:

	2020			
	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
	JD	JD	JD	JD
Balance - beginning of the year	194,940	-	-	194,940
Impairment on new balances during the year	338,508	-	-	338,508
Reversed from impairment on paid balances	(194,940)	-	-	(194,940)
Foreign currency translation difference	(102,754)	-	-	(102,754)
Balance - End of the Year	235,754	-	-	235,754

	2019			
	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
	JD	JD	JD	JD
Balance - beginning of the year	207,759	-	-	207,759
Impairment on new balances during the year	187,300	-	-	187,300
Reversed from impairment on paid balances	(207,759)	-	-	(207,759)
Foreign currency translation difference	7,640	-	-	7,640
Balance - End of the Year	194,940	-	-	194,940

8. Financial Assets at Fair Value through Profit or Loss

The details of this item are as follows:

	December 31,	
	2020	2019
Quoted Financial Assets:	JD	JD
Quoted shares in active markets	3,822,994	3,040,727
Total	3,822,994	3,040,727
Unquoted Financial Assets:		
Unquoted shares in active markets	632,797	632,797
Total	632,797	632,797
Net	4,455,791	3,673,524

9. Financial Assets at Fair Value through Other Comprehensive Income

The details of this item are as follows:

	December 31,	
	2020	2019
	JD	JD
Shares with no available market prices	26,129,906	25,628,516
Total Shares	26,129,906	25,628,516
Jordanian Treasury bonds	170,277,249	157,903,675
Foreign governments bills and bonds	80,485,872	82,325,965
Corporate bonds	95,496,835	122,969,903
Total Bonds	346,259,956	363,199,543
<u>Less:</u> Provision of expected credit loss	(507,262)	(374,008)
Total Bonds – Net	345,752,694	362,825,535
Total	371,882,600	388,454,051

- Bonds mature in several payments the last of which matures in 2049.
- Interest rates on bonds ranges from 0.06% (negative) to 6.51%.
- The movement on financial assets at fair value through other comprehensive income for shares during the year ended December 31, 2020 and 2019:

	For the Year Ended December 31,	
	2020	2019
	JD	JD
Fair value as of beginning of the year	25,628,516	21,976,065
New investments during the year	698,760	4,045,387
Changes in fair value during the year	(123,521)	(364,237)
Investments sold during the year	(78,974)	(28,699)
Translation difference	5,125	-
Balance – End of the Year	26,129,906	25,628,516

- The movement on financial assets at fair value through other comprehensive income during the year ended December 31, 2020 and 2019:

	2020			
	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
	JD	JD	JD	JD
Fair value – beginning of the year	352,431,258	10,768,285	-	363,199,543
New investments during the year	83,885,501	-	-	83,885,501
Matured investments during the year	(100,792,508)	(10,720,328)	-	(111,512,836)
Change in fair value during the year	6,670,407	4,344	-	6,674,751
Amortize premium/ Discount issue	(828,470)	(50,196)	-	(878,666)
Adjustments due to change in exchange rates	4,893,768	(2,105)	-	4,891,663
Balance – End of the Year	346,259,956	-	-	346,259,956

	2019			
	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
	JD	JD	JD	JD
Fair value – beginning of the year	339,523,905	10,805,623	-	350,329,528
New investments during the year	112,722,973	-	-	112,722,973
Matured investments during the year	(113,637,358)	-	-	(113,637,358)
Change in fair value during the year	11,486,097	188,591	-	11,674,688
Amortize premium/ Discount issue	(820,025)	(154,672)	-	(974,697)
Changes due to adjustments	-	(101,024)	-	(101,024)
Adjustments due to change in exchange rates	3,155,666	29,767	-	3,185,433
Balance – End of the Year	352,431,258	10,768,285	-	363,199,543

- The following represents the movement on the provision for expected credit losses during the year ended December 31, 2020 and 2019:

	2020			
	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
	JD	JD	JD	JD
Balance – beginning of the year	352,877	21,131	-	374,008
Expected credit losses for new investment during the year	267,736	-	-	267,736
Reversed from impairment on matured investment	(151,168)	(21,131)	-	(172,299)
Effect on provision due to adjustments	27,521	-	-	27,521
Adjustments due to change in exchange rates	10,296	-	-	10,296
Balance – End of the Year	507,262	-	-	507,262

	2019			
	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
	JD	JD	JD	JD
Balance – beginning of the year	214,695	87,536	-	302,231
Expected credit losses for new investment during the year	165,063	-	-	165,063
Reversed from impairment on matured investment	(95,913)	-	-	(95,913)
Effect on provision due to adjustments	66,386	(70,073)	-	(3,687)
Adjustments due to change in exchange rates	2,646	3,668	-	6,314
Balance – End of the Year	352,877	21,131	-	374,008

10. Direct Credit Facilities at Fair Value through Profit or Loss

The details of this item are as follows:

	December 31,	
	2020	2019
	JD	JD
Direct Credit Facilities at fair value *	130,690,360	-
Total	130,690,360	-

- * During the year 2020, the Bank entered into an interest swap agreement to hedge the interest rate risk on direct credit facilities, with a nominal value of JD 127,620,000, as of December 31, 2020. These facilities are measured at fair value as of December 31, 2020.
- The movement on direct credit facilities at fair value through profit or loss during the year were as follow:

	For the Year Ended December 31,	
	2020	2019
	JD	JD
Balance – beginning of the year	-	-
Transferred from direct credit facilities at amortized cost	129,093,382	-
Change in fair value during the year	1,596,978	-
Balance – End of the Year	130,690,360	-

11. Direct Credit Facilities at Amortized Cost - Net

The details of this item are as follows:

	December 31,	
	2020	2019
	JD	JD
Individuals (retail):		
Overdraft accounts	5,481,013	5,123,088
Loans and discounted bills *	841,501,810	777,744,401
Credit cards	15,144,726	16,935,311
Real estate loans	1,258,978,371	1,217,404,841
Includes Housing loans	783,748,117	786,303,762
Companies:		
Large		
Overdraft accounts	216,813,681	266,181,191
Loans and discounted bills *	1,293,788,358	1,277,486,850
Small and Medium		
Overdraft accounts	57,323,650	72,876,785
Loans and discounted bills *	256,118,000	234,032,547
Government and public sector	577,933,242	730,959,320
Total	4,523,082,851	4,598,744,334
<u>Less:</u> Provision of expected credit losses	(431,232,121)	(333,607,743)
Interest in suspense	(115,106,958)	(106,315,586)
Net Direct Credit Facilities	3,976,743,772	4,158,821,005

* Net after deducting interest and commission received in advance and unearned revenues of JD 22,038,145 as of December 31, 2020 (JD 27,285,533 as of December 31, 2019).

- Non-performing credit facilities amounted to JD 367,220,045 which is equivalent to 7.89% of total direct credit facilities as of December 31, 2020 (JD 344,498,537, which is equivalent to 7.49% of total direct credit facilities as of December 31, 2019).
- Non-performing credit facilities after deducting interest and commissions in suspense amounted to JD 255,512,265 which is equivalent to 5.63% of the total direct credit facilities balance after deducting interest and commission in suspense as of December 31, 2020 (JD 240,420,406, which is equivalent to 5.35% of the total credit facilities balance after deducting interest and commission in suspense as of December 31, 2019).
- Non-performing credit facilities transferred to off-the consolidated statement of financial position amounted to JD 20,875,345 as of December 31, 2020 (JD 24,073,213 as of December 31, 2019). The off-balance sheet items balance is amounted to JD 406,053,093 as of December 31, 2020 (JD 369,337,944 as of December 31, 2019).
- Direct credit facilities granted to and guaranteed by the Government of the Hashemite Kingdom of Jordan amounted to JD 646,111,011, which is equivalent to 13.9% of total direct credit facilities as of December 31, 2020 (JD 810,327,968 which is equivalent to 17.6% as of December 31, 2019).

The movement on direct credit facilities during the year ended December 31, 2020 and 2019 was as follow:

	2020					
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	1,999,944,671	1,764,918,943	321,609,001	124,546,946	387,724,773	4,598,744,334
Reclassification	210,016,133	(210,016,133)	22,000,702	(22,000,702)	-	-
Adjusted Balance - Beginning of the Year	2,209,960,804	1,554,902,810	343,609,703	102,546,244	387,724,773	4,598,744,334
New credit facilities during the year	416,677,939	418,244,061	16,484,631	13,984,832	14,628,499	880,019,962
Paid credit facilities during the year	(305,853,997)	(255,427,631)	(23,023,189)	(15,438,233)	(15,830,529)	(615,573,579)
Transferred to stage (1)	12,702,016	47,374,817	(12,001,851)	(40,651,504)	(7,423,478)	-
Transferred to stage (2)	(56,124,955)	(47,924,378)	57,838,483	55,753,164	(9,542,314)	-
Transferred to stage (3)	(4,974,800)	(8,551,536)	(50,945,868)	(9,147,268)	73,619,472	-
Effect of adjustments	(93,734,713)	(77,374,024)	8,989,468	1,314,999	36,628,539	(124,175,731)
Transferred to direct credit facilities at fair value through profit or loss	(129,093,382)	-	-	-	-	(129,093,382)
Written off credit facilities	-	-	-	-	(23,688,063)	(23,688,063)
Adjustments due to change in exchange rates	(20,139,677)	(10,616,442)	(2,107,245)	(13,885,666)	(16,401,660)	(63,150,690)
Balance - End of the Year	2,029,419,235	1,620,627,677	338,844,132	94,476,568	439,715,239	4,523,082,851

	2019					
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	2,029,239,721	1,834,400,248	364,212,379	114,148,672	303,583,673	4,645,584,693
Reclassification	(2,168,092)	2,168,092	-	-	-	-
Adjusted Balance - Beginning of the Year	2,027,071,629	1,836,568,340	364,212,379	114,148,672	303,583,673	4,645,584,693
New credit facilities during the year	580,130,710	478,308,722	30,001,206	28,537,384	12,624,254	1,129,602,276
Paid credit facilities during the year	(259,999,172)	(346,113,810)	(33,284,425)	(27,059,377)	(18,506,706)	(684,963,490)
Transferred to stage (1)	55,263,078	38,507,533	(53,089,468)	(32,005,140)	(8,676,003)	-
Transferred to stage (2)	(79,422,136)	(71,020,380)	81,246,852	76,160,950	(6,965,286)	-
Transferred to stage (3)	(15,516,378)	(29,660,575)	(53,843,291)	(24,203,331)	123,223,575	-
Effect of adjustments	(307,535,552)	(144,535,936)	(13,802,369)	(10,852,957)	8,445,535	(468,281,279)
Written off credit facilities	-	-	-	-	(26,004,901)	(26,004,901)
Adjustments due to change in exchange rates	(47,508)	2,865,049	168,117	(179,255)	632	2,807,035
Balance - End of the Year	1,999,944,671	1,764,918,943	321,609,001	124,546,946	387,724,773	4,598,744,334

The movement on the provision for expected credit loss during the year ended December 31, 2020 and 2019 was as follow:

	Corporate	SME's	Retail	Real Estate	Governmental and Public	Total
For the Year ended December 31, 2020	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	178,484,965	39,280,368	40,543,847	74,880,894	417,669	333,607,743
Reclassification	1,082,581	(894,576)	389,311	(177,315)	(400,001)	-
Adjusted Beginning Balance of the Year	179,567,546	38,385,792	40,933,158	74,703,579	17,668	333,607,743
Impairment on new credit facilities during the year	12,245,589	6,240,575	4,444,974	2,999,871	581	25,931,590
Recovered from impairment on paid credit facilities	(9,535,737)	(3,440,928)	(3,511,161)	(1,473,408)	(49)	(17,961,283)
Transferred to stage (1)	731,346	(72,639)	4,117,906	3,287,920	-	8,064,533
Transferred to stage (2)	(7,908,580)	(3,322,886)	(603,135)	(160,660)	-	(11,995,261)
Transferred to stage (3)	7,177,234	3,395,525	(3,514,771)	(3,127,260)	-	3,930,728
Effect on provision at the end of the year due to reclassification between stages	19,357,572	6,038,044	2,077,178	7,278,752	-	34,751,546
Effect due to adjustments	28,624,840	3,854,557	(7,001,048)	46,160,575	56,204	71,695,128
Written-off credit facilities	(8,352,010)	(2,023,140)	(377,734)	(235,635)	-	(10,988,519)
Adjustments due to change in exchange rates	(4,413,698)	(1,123,270)	(48,077)	(219,039)	-	(5,804,084)
Balance at the End of the Year	217,494,102	47,931,630	36,517,290	129,214,695	74,404	431,232,121
Redistribution:						
Provision on an individual basis	216,529,551	47,156,080	21,425,185	114,577,284	74,404	399,762,504
Provision on a collective basis	964,551	775,550	15,092,105	14,637,411	-	31,469,617
For the Year ended December 31, 2019	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	170,238,709	29,273,078	33,836,340	58,047,200	437,023	291,832,350
Reclassification	(1,920,927)	1,366,855	(1,123,754)	1,677,826	-	-
Previous years adjustments	-	-	370,386	-	-	370,386
Adjusted Beginning Balance of the Year	168,317,782	30,639,933	33,082,972	59,725,026	437,023	292,202,736
Impairment on new credit facilities during the year	10,952,952	4,329,529	4,829,618	1,340,348	403,004	21,855,451
Recovered from impairment on paid credit facilities	(6,003,236)	(1,681,751)	(3,825,031)	(2,050,453)	(407,635)	(13,968,106)
Transferred to stage (1)	360,089	224,485	3,298,663	2,074,984	24,469	5,982,690
Transferred to stage (2)	(10,748,485)	(1,085,242)	(1,801,670)	8,589	(24,469)	(13,651,277)
Transferred to stage (3)	10,388,396	860,756	(1,496,993)	(2,083,573)	-	7,668,586
Effect on provision at the end of the year due to reclassification between stages	18,828,216	8,524,702	7,833,773	15,015,072	(16,272)	50,185,491
Effect due to adjustments	(6,604,413)	(1,180,815)	(1,341,453)	923,319	1,549	(8,201,813)
Written-off credit facilities	(6,926,790)	(1,290,584)	(35,215)	(72,040)	-	(8,324,629)
Adjustments due to change in exchange rates	(79,546)	(60,645)	(817)	(378)	-	(141,386)
Balance at the End of the Year	178,484,965	39,280,368	40,543,847	74,880,894	417,669	333,607,743
Redistribution:						
Provision on an individual basis	168,745,190	32,857,041	2,869,212	52,400,999	417,669	257,290,111
Provision on a collective basis	9,739,775	6,423,327	37,674,635	22,479,895	-	76,317,732

Interest in Suspense

The following is the movement on interest in suspense:

	Corporate	SME's	Retail	Real Estate	Governmental and Public	Total
	JD	JD	JD	JD	JD	JD
<u>For the Year Ended December 31, 2020</u>						
Balance at the beginning of the year	45,614,086	23,114,028	20,778,391	16,809,081	-	106,315,586
Reclassification	260,600	(257,250)	11,132	(14,482)	-	-
Adjusted Beginning Balance of the Year	45,874,686	22,856,778	20,789,523	16,794,599	-	106,315,586
Interest suspended on new expouser during the year	224,183	509,319	55,917	84,215	-	873,634
Interest in suspense transferred to income from expouser paid during the year	(2,030,735)	(663,942)	(233,635)	(735,728)	-	(3,664,040)
Effect on interest suspended due to reclassification between stages	1,412,565	619,718	(374,738)	(202,922)	-	1,454,623
Effect on interest in suspense due to adjustments	10,559,567	6,142,130	5,092,447	4,280,229	-	26,074,373
Written-off interest in suspense	(9,546,597)	(1,932,875)	(398,063)	(822,084)	-	(12,699,619)
Adjustments due to change in exchange rates	(2,803,103)	(412,654)	(21,274)	(10,568)	-	(3,247,599)
Balance at the End of the Year	43,690,566	27,118,474	24,910,177	19,387,741	-	115,106,958
	Corporate	SME's	Retail	Real Estate	Governmental and Public	Total
	JD	JD	JD	JD	JD	JD
<u>For the Year Ended December 31, 2019</u>						
Balance at the beginning of the year	46,129,145	21,650,361	16,657,671	13,956,530	3,890	98,397,597
Reclassification	1,176,208	(840,215)	(76,351)	(259,642)	-	-
Adjusted Beginning Balance of the Year	47,305,353	20,810,146	16,581,320	13,696,888	3,890	98,397,597
Interest suspended on new expouser during the year	253,607	483,363	674,173	695,210	-	2,106,353
Interest in suspense transferred to income from expouser paid during the year	(371,019)	(739,486)	(781,768)	(918,895)	(3,890)	(2,815,058)
Effect on interest suspended due to reclassification between stages	2,082,475	816,034	376,812	1,200,530	-	4,475,851
Effect on interest in suspense due to adjustments	11,275,250	3,979,342	4,219,266	2,873,579	-	22,347,437
Written-off interest in suspense	(14,930,855)	(2,211,943)	(290,865)	(738,194)	-	(18,171,857)
Adjustments due to change in exchange rates	(725)	(23,428)	(547)	(37)	-	(24,737)
Balance at the End of the Year	45,614,086	23,114,028	20,778,391	16,809,081	-	106,315,586

The following are the exposures according to IFRS (9) as of December 31, 2020 and 2019:

	2020									
	Stage (1)			Stage (2)			Stage (3)			Net
	Direct Credit Facilities	Provision for	Interest in Suspense	Direct Credit Facilities	Provision for	Interest in Suspense	Direct Credit Facilities	Provision for	Interest in Suspense	
		Expected Credit Loss			Expected Credit Loss			Expected Credit Loss		
	JD	JD	JD	JD	JD	JD	JD	JD	JD	
Corporate entities	1,148,433,502	26,526,203	138,674	160,435,690	41,642,561	193,045	201,732,847	149,325,338	43,358,847	1,249,417,371
SME's	192,939,997	4,766,044	36,780	37,508,098	6,336,783	74,387	82,993,555	36,828,803	27,007,307	238,391,546
Retail	761,800,505	7,323,419	116,734	35,686,993	8,795,760	23,095	64,640,051	20,398,111	24,770,348	800,700,082
Real estate loans	968,939,666	15,592,456	15,019	199,689,919	83,203,865	4,096	90,348,786	30,418,374	19,368,626	1,110,375,935
Governmental and public	577,933,242	74,404	-	-	-	-	-	-	-	577,858,838
Total	3,650,046,912	54,282,526	307,207	433,320,700	139,978,969	294,623	439,715,239	236,970,626	114,505,128	3,976,743,772
2019										
	Stage (1)			Stage (2)			Stage (3)			Net
	Direct Credit Facilities	Provision for	Interest in Suspense	Direct Credit Facilities	Provision for	Interest in Suspense	Direct Credit Facilities	Provision for	Interest in Suspense	
		Expected Credit Loss			Expected Credit Loss			Expected Credit Loss		
		JD	JD	JD	JD	JD	JD	JD	JD	
Corporate entities	1,185,787,654	10,515,929	34,784	185,334,753	42,341,456	181,225	172,545,634	125,627,580	45,398,077	1,319,568,990
SME's	195,015,237	4,378,140	26,532	40,874,326	6,186,026	101,609	71,019,769	28,716,200	22,985,887	244,514,938
Retail	709,580,714	4,900,913	38,110	28,280,686	5,173,978	4,869	61,941,400	30,468,956	20,735,412	738,480,562
Real estate loans	943,520,689	4,005,982	11,853	191,666,182	39,662,728	20,183	82,217,970	31,212,186	16,777,045	1,125,714,864
Governmental and public	730,959,320	417,669	-	-	-	-	-	-	-	730,541,651
Total	3,764,863,614	24,218,633	111,279	446,155,947	93,364,188	307,886	387,724,773	216,024,922	105,896,421	4,158,821,005

The distribution of total credit facilities by internal credit rating for large corporates was as follows:

	December 31, 2020				December 31, 2019
	Stage (1)	Stage (2)	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Credit rating categories based on the Bank's internal system:					
From (1) To (5)	880,894,005	63,506,597	4,272,067	948,672,669	853,104,956
From (6) To (7)	239,600,781	82,936,188	25,139,827	347,676,796	327,603,367
From (8) To (10)	-	-	145,175,496	145,175,496	113,513,321
Not rated	27,938,716	13,992,905	27,145,457	69,077,078	249,446,397
Total	<u>1,148,433,502</u>	<u>160,435,690</u>	<u>201,732,847</u>	<u>1,510,602,039</u>	<u>1,543,668,041</u>

The movement on credit facilities for large corporates during the year ended December 31, 2020 and 2019 was as follows:

	2020					
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	1,008,403,759	177,383,895	149,990,125	35,344,628	172,545,634	1,543,668,041
Reclassification	130,417,255	(129,679,367)	6,478,202	(5,172,962)	648,113	2,691,241
Adjusted Balance - Beginning of the Year	1,138,821,014	47,704,528	156,468,327	30,171,666	173,193,747	1,546,359,282
New credit facilities during the year	210,473,864	5,187,187	7,353,808	7,822,766	5,974,624	236,812,249
Paid credit facilities	(133,561,967)	(10,510,882)	(9,221,728)	(8,775,590)	(3,659,126)	(165,729,293)
Transferred to stage (1)	4,715,182	6,900,909	(4,653,950)	(6,900,909)	(61,232)	-
Transferred to stage (2)	(30,827,080)	(3,965,077)	31,832,638	3,965,077	(1,005,558)	-
Transferred to stage (3)	(2,045,448)	(348,753)	(37,451,252)	(749,392)	40,594,845	-
Effect of adjustments	70,747,104	(4,135,832)	2,735,062	1,113,153	19,606,735	90,066,222
Transferred to direct credit facilities at fair value facilities through profit or loss	(129,093,382)	-	-	-	-	(129,093,382)
Written off credit facilities	-	-	-	-	(17,898,609)	(17,898,609)
Adjustments due to change in exchange rates	(12,683,199)	(8,944,666)	(620,120)	(12,653,866)	(15,012,579)	(49,914,430)
Balance - End of the Year	<u>1,116,546,088</u>	<u>31,887,414</u>	<u>146,442,785</u>	<u>13,992,905</u>	<u>201,732,847</u>	<u>1,510,602,039</u>

	2019					
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	880,201,382	210,673,621	196,776,301	29,784,659	144,543,985	1,461,979,948
Reclassification	8,229,391	6,711,352	(29,743,061)	180,240	(2,097,863)	(16,719,941)
Adjusted Balance - Beginning of the Year	888,430,773	217,384,973	167,033,240	29,964,899	142,446,122	1,445,260,007
New credit facilities during the year	395,912,329	22,180,214	23,706,451	18,114,271	4,386,786	464,300,051
Paid credit facilities	(162,853,742)	(15,506,886)	(12,822,285)	(13,526,201)	(8,060,575)	(212,769,689)
Transferred to stage (1)	19,300,091	5,632,239	(17,900,899)	(5,365,536)	(1,665,895)	-
Transferred to stage (2)	(39,342,836)	(11,340,605)	39,444,391	11,668,512	(429,462)	-
Transferred to stage (3)	(7,954,301)	(2,408,343)	(35,194,715)	(3,030,186)	48,587,545	-
Effect of adjustments	(85,049,021)	(37,264,065)	(14,267,732)	(2,387,293)	9,139,831	(129,828,280)
Written off credit facilities	-	-	-	-	(21,855,560)	(21,855,560)
Adjustments due to change in exchange rates	(39,534)	(1,293,632)	(8,326)	(93,838)	(3,158)	(1,438,488)
Balance - End of the Year	<u>1,008,403,759</u>	<u>177,383,895</u>	<u>149,990,125</u>	<u>35,344,628</u>	<u>172,545,634</u>	<u>1,543,668,041</u>

The movement on the provision for credit loss for large corporates credit facilities during the year ended December 31, 2020 and 2019 was as follows:

2020						
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD		
Balance - beginning of the year	6,854,737	3,661,192	36,262,870	6,078,586	125,627,580	178,484,965
Reclassification	2,557,338	(2,027,615)	315,291	(27,189)	264,756	1,082,581
Adjusted Balance - Beginning of the Year	9,412,075	1,633,577	36,578,161	6,051,397	125,892,336	179,567,546
Impairment losses on new credit facilities during the year	4,692,927	70,786	1,953,048	397,879	5,130,949	12,245,589
Reversed from impairment losses on paid credit facilities	(2,236,503)	(777,363)	(3,990,141)	(1,848,635)	(683,095)	(9,535,737)
Transferred to stage (1)	165,530	1,175,587	(116,847)	(1,175,587)	(48,683)	-
Transferred to stage (2)	(324,158)	(276,755)	1,128,604	276,755	(804,446)	-
Transferred to stage (3)	(2,364)	(6,493)	(7,899,626)	(121,880)	8,030,363	-
Effect due to reclassification between stages	427,831	(1,162,958)	895,806	(212,475)	19,409,368	19,357,572
Effect of adjustments	14,221,476	(59,391)	12,410,532	(1,356,147)	3,408,370	28,624,840
Written off credit facilities	-	-	-	-	(8,352,010)	(8,352,010)
Adjustments due to change in exchange rates	(82,168)	(345,433)	(29,974)	(1,298,309)	(2,657,814)	(4,413,698)
Balance - End of the Year	26,274,646	251,557	40,929,563	712,998	149,325,338	217,494,102

2019						
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD		
Balance - beginning of the year	9,931,675	3,818,243	43,686,572	3,605,332	109,196,886	170,238,708
Reclassification	122,887	67,758	(768,650)	35,546	(1,378,469)	(1,920,928)
Adjusted Balance - Beginning of the Year	10,054,562	3,886,001	42,917,922	3,640,878	107,818,417	168,317,780
Impairment losses on new credit facilities during the year	1,868,370	931,893	1,926,952	3,338,091	2,887,644	10,952,950
Reversed from impairment losses on paid credit facilities	(968,759)	(647,544)	(109,396)	(1,754,826)	(2,522,711)	(6,003,236)
Transferred to stage (1)	1,058,484	122,676	(434,589)	(122,676)	(623,895)	-
Transferred to stage (2)	(371,357)	(409,783)	381,886	491,665	(92,411)	-
Transferred to stage (3)	(6,009)	(33,922)	(10,851,269)	(213,502)	11,104,702	-
Effect due to reclassification between stages	(494,783)	(36,526)	176,457	694,084	18,488,984	18,828,216
Effect of adjustments	(4,282,963)	(59,762)	2,255,788	6,249	(4,523,726)	(6,604,414)
Written off credit facilities	-	-	-	-	(6,926,790)	(6,926,790)
Adjustments due to change in exchange rates	(2,808)	(91,841)	(881)	(1,377)	17,366	(79,541)
Balance - End of the Year	6,854,737	3,661,192	36,262,870	6,078,586	125,627,580	178,484,965

The distribution of total credit facilities by internal credit rating for SME's was as follows:

	December 31, 2020				December 31, 2019
	Stage (1)	Stage (2)	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Credit rating categories based on the Bank's internal system:					
From (1) To (5)	107,628,886	10,270,434	418,813	118,318,133	93,626,774
From (6) To (7)	59,871,448	24,704,578	4,521,362	89,097,388	28,062,418
From (8) To (10)	-	-	68,611,115	68,611,115	48,136,874
Not rated	25,439,663	2,533,086	9,442,265	37,415,014	137,083,266
Total	192,939,997	37,508,098	82,993,555	313,441,650	306,909,332

The movement on credit facilities for SME's during the year ended December 31, 2020 and 2019 was as follows:

	2020					
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	98,159,125	96,856,112	21,511,158	19,363,168	71,019,769	306,909,332
Reclassification	76,199,523	(79,254,658)	13,989,364	(16,060,403)	(275,373)	(5,401,547)
Adjusted Balance - Beginning of the Year	174,358,648	17,601,454	35,500,522	3,302,765	70,744,396	301,507,785
New credit facilities during the year	65,541,747	15,579,301	6,402,379	549,962	6,743,825	94,817,214
Paid credit facilities	(52,697,729)	(4,112,254)	(6,136,351)	(963,133)	(3,891,202)	(67,800,669)
Transferred to stage (1)	4,717,497	1,143,325	(4,448,131)	(856,379)	(556,312)	-
Transferred to stage (2)	(12,916,967)	(1,332,276)	13,116,009	1,612,493	(479,259)	-
Transferred to stage (3)	(1,301,558)	(427,403)	(7,649,531)	(661,777)	10,040,269	-
Effect of adjustments	(2,853,886)	(979,958)	(389,174)	335,870	5,582,368	1,695,220
Written-off credit facilities	-	-	-	-	(3,956,016)	(3,956,016)
Adjustments due to change in exchange rates	(7,347,417)	(2,032,527)	(1,420,711)	(786,715)	(1,234,514)	(12,821,884)
Balance - End of the Year	167,500,335	25,439,662	34,975,012	2,533,086	82,993,555	313,441,650

	2019					
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	106,973,595	107,964,135	21,214,181	15,577,913	54,197,111	305,926,935
Reclassification	5,335,886	(4,649,852)	2,824,780	(182,668)	1,944,580	5,272,726
Adjusted Balance - Beginning of the Year	112,309,481	103,314,283	24,038,961	15,395,245	56,141,691	311,199,661
New credit facilities during the year	26,481,844	48,643,006	4,243,611	3,924,076	3,519,900	86,812,437
Paid credit facilities	(18,353,892)	(35,228,133)	(4,072,615)	(2,767,591)	(2,947,584)	(63,369,815)
Transferred to stage (1)	7,586,522	1,612,730	(7,154,949)	(1,497,858)	(546,445)	-
Transferred to stage (2)	(15,848,633)	(10,387,169)	16,013,410	10,502,158	(279,766)	-
Transferred to stage (3)	(3,370,773)	(4,191,712)	(7,870,559)	(3,070,203)	18,503,247	-
Effect of adjustments	(10,641,611)	(6,262,219)	(3,686,314)	(3,037,461)	(231,118)	(23,858,723)
Written-off credit facilities	-	-	-	-	(3,080,186)	(3,080,186)
Adjustments due to change in exchange rates	(3,813)	(644,674)	(387)	(85,198)	(59,970)	(794,042)
Balance - End of the Year	98,159,125	96,856,112	21,511,158	19,363,168	71,019,769	306,909,332

The movement on the provision for credit loss for SME's credit facilities during the year ended December 31, 2020 and 2019 was as follows:

	2020					
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	2,075,749	2,302,391	4,774,961	1,411,065	28,716,202	39,280,368
Reclassification	1,836,290	(1,975,558)	365,923	(1,022,700)	(98,531)	(894,576)
Adjusted balance - Beginning of the Year	3,912,039	326,833	5,140,884	388,365	28,617,671	38,385,792
Impairment losses on new credit facilities during the year	1,101,068	92,563	636,750	57,467	4,352,727	6,240,575
Reversed from impairment losses on paid credit facilities	(943,429)	(246,158)	(264,733)	(179,041)	(1,807,567)	(3,440,928)
Transferred to stage (1)	370,584	193,678	(241,084)	(87,858)	(235,320)	-
Transferred to stage (2)	(559,594)	(19,490)	639,965	124,506	(185,387)	-
Transferred to stage (3)	(56,627)	(1,190)	(3,705,286)	(53,129)	3,816,232	-
Effect due to reclassification between stages	143,716	(183,125)	1,242,639	239,344	4,595,470	6,038,044
Effect of adjustments	730,696	260,181	2,420,510	224,401	218,769	3,854,557
Written off credit facilities	-	-	-	-	(2,023,140)	(2,023,140)
Adjustments due to change in exchange rates	(169,306)	(186,395)	(71,515)	(175,402)	(520,652)	(1,123,270)
Balance - End of the Year	<u>4,529,147</u>	<u>236,897</u>	<u>5,798,130</u>	<u>538,653</u>	<u>36,828,803</u>	<u>47,931,630</u>

	2019					
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	2,404,138	1,610,302	1,793,338	656,300	22,809,000	29,273,078
Reclassification	(348,229)	(75,568)	195,029	(36,026)	1,631,649	1,366,855
Adjusted balance - Beginning of the Year	2,055,909	1,534,734	1,988,367	620,274	24,440,649	30,639,933
Impairment losses on new credit facilities during the year	367,052	1,106,747	395,294	436,761	2,023,673	4,329,527
Reversed from impairment losses on paid credit facilities	(193,502)	(527,294)	(105,122)	(229,204)	(626,629)	(1,681,751)
Transferred to stage (1)	805,171	114,567	(501,033)	(58,762)	(359,943)	-
Transferred to stage (2)	(343,632)	(184,108)	420,352	216,750	(109,362)	-
Transferred to stage (3)	(121,353)	(46,160)	(1,065,020)	(97,528)	1,330,061	-
Effect due to reclassification between stages	(442,444)	(87,007)	3,337,586	402,066	5,314,501	8,524,702
Effect of adjustments	(51,406)	400,185	304,537	122,357	(1,956,488)	(1,180,815)
Written off credit facilities	-	-	-	-	(1,290,584)	(1,290,584)
Adjustments due to change in exchange rates	(46)	(9,273)	-	(1,649)	(49,676)	(60,644)
Balance - End of the Year	<u>2,075,749</u>	<u>2,302,391</u>	<u>4,774,961</u>	<u>1,411,065</u>	<u>28,716,202</u>	<u>39,280,368</u>

The distribution of total credit facilities by internal credit rating for Individuals was as follows:

	December 31, 2020				December 31, 2019
	Stage (1)	Stage (2)	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Credit rating categories based on the Bank's internal system:					
From (1) To (5)	41,910,177	1,674,083	93,824	43,678,084	36,504,510
From (6) To (7)	-	-	-	-	324,781
From (8) To (10)	-	-	2,441,764	2,441,764	2,057,678
Not rated	719,890,328	34,012,910	62,104,463	816,007,701	760,915,831
Total	761,800,505	35,686,993	64,640,051	862,127,549	799,802,800

The movement on credit facilities for Individuals during the year ended December 31, 2020 and 2019 was as follows:

	2020					
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	35,268,561	674,312,153	1,556,387	26,724,299	61,941,400	799,802,800
Reclassification	1,441,967	(77,752)	819,028	(45,355)	56,297	2,194,185
Adjusted Balance - Beginning of the Year	36,710,528	674,234,401	2,375,415	26,678,944	61,997,697	801,996,985
New credit facilities during the year	16,722,893	268,155,832	111,253	5,212,283	1,805,565	292,007,826
Paid credit facilities	(7,660,580)	(164,921,770)	(102,083)	(4,877,432)	(2,625,950)	(180,187,815)
Transferred to stage (1)	381,836	14,437,588	(130,527)	(11,492,659)	(3,196,238)	-
Transferred to stage (2)	(334,723)	(19,226,195)	342,785	22,412,595	(3,194,462)	-
Transferred to stage (3)	-	(4,260,882)	(791,762)	(3,169,759)	8,222,403	-
Effect of adjustments	(3,909,900)	(47,459,664)	(131,042)	(690,109)	2,444,895	(49,745,820)
Written-off credit facilities	-	-	-	-	(775,841)	(775,841)
Adjustments due to change in exchange rates	124	(1,068,983)	44	(60,953)	(38,018)	(1,167,786)
Balance - End of the Year	41,910,178	719,890,327	1,674,083	34,012,910	64,640,051	862,127,549

	2019					
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	40,785,318	638,357,171	7,277,860	30,635,896	51,827,741	768,883,986
Reclassification	(22,631,452)	145,245	(6,345,682)	-	(1,939,451)	(30,771,340)
Adjusted Balance - Beginning of the Year	18,153,866	638,502,416	932,178	30,635,896	49,888,290	738,112,646
New credit facilities during the year	27,964,875	311,741,962	825,049	5,723,391	2,628,289	348,883,566
Paid credit facilities	(9,201,234)	(192,691,009)	(290,104)	(8,327,622)	(3,340,509)	(213,850,478)
Transferred to stage (1)	-	13,164,241	-	(10,557,200)	(2,607,041)	-
Transferred to stage (2)	-	(17,616,355)	37,956	19,337,747	(1,759,348)	-
Transferred to stage (3)	(86,296)	(9,881,488)	-	(6,789,485)	16,757,269	-
Effect of adjustments	(1,562,339)	(68,908,353)	51,308	(3,298,428)	687,442	(73,030,370)
Written-off credit facilities	-	-	-	-	(311,623)	(311,623)
Adjustments due to change in exchange rates	(311)	739	-	-	(1,369)	(941)
Balance - End of the Year	35,268,561	674,312,153	1,556,387	26,724,299	61,941,400	799,802,800

The movement on the provision for credit loss for individuals credit facilities during the year ended December 31, 2020 and 2019 was as follows:

	2020					
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance - Beginning of the year	137,326	4,763,587	60,779	5,113,199	30,468,956	40,543,847
Reclassification	577	(1,911)	379,491	(9,160)	20,314	389,311
Adjusted balance - Beginning of the Year	137,903	4,761,676	440,270	5,104,039	30,489,270	40,933,158
Impairment losses on new facilities during the year	104,702	2,387,008	27,764	1,231,351	694,149	4,444,974
Reversed from impairment losses on matured facilities	(13,061)	(1,071,131)	(1,459)	(906,796)	(1,518,714)	(3,511,161)
Transferred to stage (1)	156,175	4,123,317	(7,831)	(2,157,971)	(2,113,690)	-
Transferred to stage (2)	(5,923)	(128,621)	12,372	2,150,055	(2,027,883)	-
Transferred to stage (3)	-	(27,042)	(11,187)	(588,573)	626,802	-
Effect due to reclassification between stages	(149,429)	(4,004,226)	40,924	2,886,937	3,302,972	2,077,178
Effect of adjustments	123,489	960,662	172,345	404,744	(8,662,288)	(7,001,048)
Written-off credit facilities	-	-	-	-	(377,734)	(377,734)
Adjustments due to change in exchange rates	-	(32,080)	20	(1,244)	(14,773)	(48,077)
Balance - End of the Year	353,856	6,969,563	673,218	8,122,542	20,398,111	36,517,290

	2019					
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance - Beginning of the year	289,327	3,776,057	4,746	5,158,301	24,607,909	33,836,340
Prior years adjustments	-	-	-	-	370,386	370,386
Reclassification	(235,065)	263	(1)	-	(888,945)	(1,123,748)
Adjusted balance - Beginning of the Year	54,262	3,776,320	4,745	5,158,301	24,089,350	33,082,978
Impairment losses on new facilities during the year	111,267	2,036,691	56,659	1,080,083	1,544,918	4,829,618
Reversed from impairment losses on matured facilities	(5,258)	(1,024,182)	-	(1,391,294)	(1,404,297)	(3,825,031)
Transferred to stage (1)	-	3,449,792	-	(1,817,885)	(1,631,907)	-
Transferred to stage (2)	-	(96,346)	15,410	1,137,303	(1,056,367)	-
Transferred to stage (3)	(1,415)	(53,368)	-	(1,136,498)	1,191,281	-
Effect due to reclassification between stages	-	(3,378,102)	(14,436)	1,869,676	9,356,635	7,833,773
Effect of adjustments	(21,529)	52,782	(1,599)	213,514	(1,584,621)	(1,341,453)
Written-off credit facilities	-	-	-	-	(35,215)	(35,215)
Adjustments due to change in exchange rates	(1)	-	-	(1)	(821)	(823)
Balance - End of the Year	137,326	4,763,587	60,779	5,113,199	30,468,956	40,543,847

The distribution of total credit facilities by internal credit rating for Real Estate was as follows:

	December 31, 2020				December 31, 2019
	Stage (1)	Stage (2)	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Credit rating categories based on the Bank's internal system:					
From (1) To (5)	112,225,113	34,268,942	7,265,340	153,759,395	122,416,318
From (6) To (7)	13,304,278	121,483,310	5,025,228	139,812,816	159,331,605
From (8) To (10)	-	-	26,042,724	26,042,724	21,249,366
Not rated	843,410,275	43,937,667	52,015,494	939,363,436	914,407,552
Total	968,939,666	199,689,919	90,348,786	1,258,978,371	1,217,404,841

The movement on credit facilities for Real Estate during the year ended December 31, 2020 and 2019 was as follows:

	2020					
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	127,153,906	816,366,783	148,551,331	43,114,851	82,217,970	1,217,404,841
Reclassification	1,957,367	(1,004,355)	714,108	(721,978)	(429,040)	516,102
Adjusting Balance - Beginning of the Year	129,111,273	815,362,428	149,265,439	42,392,873	81,788,930	1,217,920,943
New credit facilities during the year	11,983,257	129,321,740	2,617,192	399,821	104,485	144,426,495
Paid credit facilities	(4,845,167)	(75,882,725)	(7,563,027)	(822,078)	(5,654,250)	(94,767,247)
Transferred to stage (1)	2,887,501	24,892,995	(2,769,243)	(21,401,557)	(3,609,696)	-
Transferred to stage (2)	(12,046,185)	(23,400,830)	12,547,051	27,762,999	(4,863,035)	-
Transferred to stage (3)	(1,627,794)	(3,514,498)	(5,053,323)	(4,566,340)	14,761,955	-
Effect of adjustments	175,692	(24,798,570)	6,774,621	556,081	8,994,544	(8,297,632)
Written-off credit facilities	-	-	-	-	(1,057,598)	(1,057,598)
Adjustments due to change in exchange rates	(109,185)	1,429,734	(66,458)	(384,132)	(116,549)	753,410
Balance - End of the Year	125,529,392	843,410,274	155,752,252	43,937,667	90,348,786	1,258,978,371

	2019					
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	132,191,635	877,405,320	115,846,032	38,150,205	53,014,835	1,216,608,027
Reclassification	6,898,071	(38,662)	33,263,964	2,428	2,092,741	42,218,542
Adjusting Balance - Beginning of the Year	139,089,706	877,366,658	149,109,996	38,152,633	55,107,576	1,258,826,569
New credit facilities during the year	25,215,982	95,743,540	1,226,095	775,646	2,089,279	125,050,542
Paid credit facilities	(10,603,992)	(102,687,782)	(15,998,294)	(2,437,963)	(4,158,038)	(135,886,069)
Transferred to stage (1)	5,379,587	18,098,323	(5,036,742)	(14,584,546)	(3,856,622)	-
Transferred to stage (2)	(24,230,667)	(31,676,251)	25,751,095	34,652,533	(4,496,710)	-
Transferred to stage (3)	(4,105,008)	(13,179,032)	(10,778,017)	(11,313,457)	39,375,514	-
Effect of adjustments	(3,587,852)	(32,101,299)	4,100,369	(2,129,775)	(1,150,620)	(34,869,177)
Written-off credit facilities	-	-	-	-	(757,532)	(757,532)
Adjustments due to change in exchange rates	(3,850)	4,802,626	176,829	(220)	65,123	5,040,508
Balance - End of the Year	127,153,906	816,366,783	148,551,331	43,114,851	82,217,970	1,217,404,841

The movement on the provision for credit loss for Real Estate credit facilities during the year ended December 31, 2020 and 2019 was as follows:

	2020					
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	collective	Individual	collective		
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	2,447,999	1,557,983	36,109,783	3,552,945	31,212,184	74,880,894
Reclassification	89,478	(78,588)	66,607	(68,263)	(186,549)	(177,315)
Adjusted Balance - Beginning of the Year	2,537,477	1,479,395	36,176,390	3,484,682	31,025,635	74,703,579
Impairment losses on new facilities during the year	851,184	278,001	1,758,313	103,478	8,895	2,999,871
Reversed from impairment losses on matured facilities	(76,220)	(165,424)	(57,552)	(67,822)	(1,106,390)	(1,473,408)
Transferred to stage (1)	324,625	3,211,422	(270,781)	(1,668,824)	(1,596,442)	-
Transferred to stage (2)	(140,731)	(60,369)	388,220	2,240,303	(2,427,423)	-
Transferred to stage (3)	(40,636)	(6,391)	(504,606)	(344,972)	896,605	-
Effect due to reclassification between stages	(153,539)	(3,103,395)	2,599,966	2,627,819	5,307,901	7,278,752
Effect of adjustments	5,375,284	5,444,821	35,404,848	1,363,793	(1,428,171)	46,160,575
Written-off credit facilities	-	-	-	-	(235,635)	(235,635)
Adjustments due to change in exchange rates	(8,198)	(154,850)	(5,134)	(24,256)	(26,601)	(219,039)
Balance - End of the Year	8,669,246	6,923,210	75,489,664	7,714,201	30,418,374	129,214,695

	2019					
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	collective	Individual	collective		
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	2,131,512	1,503,312	31,749,897	3,090,988	19,571,491	58,047,200
Reclassification	460,401	7,544	551,381	22,718	635,782	1,677,826
Adjusted Balance - Beginning of the Year	2,591,913	1,510,856	32,301,278	3,113,706	20,207,273	59,725,026
Impairment losses on new facilities during the year	232,814	364,544	78,916	112,668	551,408	1,340,350
Reversed from impairment losses on matured facilities	(249,679)	(123,765)	(68,375)	(162,364)	(1,446,270)	(2,050,453)
Transferred to stage (1)	318,439	2,824,800	(186,741)	(1,202,599)	(1,753,899)	-
Transferred to stage (2)	(481,375)	(79,920)	1,202,192	1,485,120	(2,126,017)	-
Transferred to stage (3)	(484,003)	(22,957)	(403,887)	(885,496)	1,796,343	-
Effect due to reclassification between stages	(265,638)	(2,793,208)	791,715	1,263,492	16,018,711	15,015,072
Effect of adjustments	785,671	(122,852)	2,395,277	(172,014)	(1,962,763)	923,319
Written-off credit facilities	-	-	-	-	(72,040)	(72,040)
Adjustments due to change in exchange rates	(143)	485	(592)	432	(560)	(378)
Balance - End of the Year	2,447,999	1,557,983	36,109,783	3,552,945	31,212,186	74,880,896

The distribution of total credit facilities by internal credit rating for Government and public sector was as follows:

	December 31, 2020				December 31, 2019
	Stage (1)	Stage (2)	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Credit rating categories based on the Bank's internal system:					
From (1) To (5)	577,933,242	-	-	577,933,242	730,959,320
From (6) To (7)	-	-	-	-	-
From (8) To (10)	-	-	-	-	-
Not rated	-	-	-	-	-
Total	577,933,242	-	-	577,933,242	730,959,320

The movement on credit facilities for Government and Public Sector during the year ended December 31, 2020 and 2019 was as follows:

	2020			
	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
	JD	JD	JD	JD
Balance - beginning of the year	730,959,320	-	-	730,959,320
Reclassification	19	-	-	19
Adjusted Balance - Beginning of the Year	730,959,339	-	-	730,959,339
New credit facilities during the year	111,956,178	-	-	111,956,178
Paid credit facilities	(107,088,554)	-	-	(107,088,554)
Effect of adjustments	(157,893,721)	-	-	(157,893,721)
Balance - End of the Year	577,933,242	-	-	577,933,242

	2019			
	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
	JD	JD	JD	JD
Balance - beginning of the year	869,087,791	23,098,004	-	892,185,795
Reclassification	12	1	-	13
Adjusted Balance - Beginning of the Year	869,087,803	23,098,005	-	892,185,808
New credit facilities during the year	104,555,680	-	-	104,555,680
Paid credit facilities	(58,986,312)	(101,127)	-	(59,087,439)
Transferred to stage (1)	22,996,878	(22,996,878)	-	-
Transferred to stage (2)	-	-	-	-
Transferred to stage (3)	-	-	-	-
Effect of adjustments	(206,694,729)	-	-	(206,694,729)
Balance - End of the Year	730,959,320	-	-	730,959,320

The movement on the provision for credit loss for Government and public sector credit facilities during the year ended December 31, 2020 and 2019 was as follows:

2020				
	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
	JD	JD	JD	JD
Balance - beginning of the year	417,669	-	-	417,669
Reclassification	(400,001)	-	-	(400,001)
Adjusted Balance - Beginning of the Year	17,668	-	-	17,668
Effect due to reclassification between stages	581	-	-	581
Paid credit facilities	(49)	-	-	(49)
Effect of adjustments	56,204	-	-	56,204
Balance - End of the Year	74,404	-	-	74,404

2019				
	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
	JD	JD	JD	JD
Balance - beginning of the year	412,554	24,469	-	437,023
Impairment losses on new facilities during the year	403,004	-	-	403,004
Reversed from impairment losses on matured facilities	(407,635)	-	-	(407,635)
Transferred to stage (1)	24,469	(24,469)	-	-
Transferred to stage (2)	-	-	-	-
Transferred to stage (3)	-	-	-	-
Effect due to reclassification between stages	(16,272)	-	-	(16,272)
Effect of adjustments	1,549	-	-	1,549
Balance - End of the Year	417,669	-	-	417,669

12. Financial Assets at Amortized Cost- Net

The details of this item are as follows:

	December 31,	
	2020	2019
	JD	JD
Quoted Financial Assets:		
Jordanian treasury bonds	1,117,900,012	1,141,026,768
Governmental and government-guaranteed bonds	531,390,922	531,351,277
Foreign governments bonds	24,342,358	22,565,281
Corporate bonds and debentures	162,386,634	131,858,249
Total Quoted Financial Assets	1,836,019,926	1,826,801,575
Unquoted Financial Assets:		
Corporate bonds and debentures	3,000,001	3,000,001
Total Unquoted Financial Assets	3,000,001	3,000,001
Total	1,839,019,927	1,829,801,576
<u>Less:</u> Provision for expected credit loss	(5,177,632)	(3,177,625)
Total	1,833,842,295	1,826,623,951
Bonds and Bills Analysis:		
With fixed rate	1,825,271,295	1,818,052,951
With floating rate	8,571,000	8,571,000
Total	1,833,842,295	1,826,623,951

- Bonds are repaid on several installments, the last of which matures in the year 2030.
- Interest rate on bonds ranges from 0.7% to 6.74%.
- The Bank has entered into repurchase agreements with the Central Bank of Jordan as stated in Note (19) against pledging treasury bonds with a nominal value of JD 52,8 Million.
- The following is the movement on the financial assets at amortized cost during the year ended December 31, 2020 and 2019:

	2020			
	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
	JD	JD	JD	JD
Balance - beginning of the year	1,826,801,575	-	3,000,001	1,829,801,576
New investments during the year	253,382,804	-	-	253,382,804
Matured investments	(245,231,000)	-	-	(245,231,000)
Amortization of premium/ discount	966,518	-	-	966,518
Adjustments due to change in exchange rates	100,029	-	-	100,029
Balance - End of the Year	1,836,019,926	-	3,000,001	1,839,019,927

2019

	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
	JD	JD	JD	JD
Balance - beginning of the year	1,486,926,055	-	3,000,001	1,489,926,056
New investments during the year	655,218,583	-	-	655,218,583
Matured investments	(318,672,790)	-	-	(318,672,790)
Amortization of premium/ discount	3,069,748	-	-	3,069,748
Adjustments due to change in exchange rates	259,979	-	-	259,979
Balance - End of the Year	1,826,801,575	-	3,000,001	1,829,801,576

- The following is the movement on the provision for expected credit loss during the year ended December 31, 2020 and 2019:

2020

	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
	JD	JD	JD	JD
Balance - beginning of the year	177,625	-	3,000,000	3,177,625
Expected credit losses on new investments during the year	908,182	-	-	908,182
Expected credit losses on matured investments during the year	(16,826)	-	-	(16,826)
Effect of adjustments	1,103,822	-	-	1,103,822
Adjustments due to change in exchange rates	4,829	-	-	4,829
Balance - End of the Year	2,177,632	-	3,000,000	5,177,632

2019

	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
	JD	JD	JD	JD
Balance - beginning of the year	123,069	-	3,000,000	3,123,069
Expected credit losses on new investments during the year	85,125	-	-	85,125
Expected credit losses on matured investments during the year	(23,136)	-	-	(23,136)
Effect of adjustments	(10,046)	-	-	(10,046)
Adjustments due to change in exchange rates	2,613	-	-	2,613
Balance - End of the Year	177,625	-	3,000,000	3,177,625

13. Property and Equipment - Net

The details of this item are as follows:

	Lands	Buildings	Equipment, Furniture and Fixtures	Vehicles	Computers Hardware	Total
	JD	JD	JD	JD	JD	JD
For the Year Ended December 31, 2020						
Cost:						
Balance - beginning of the year	28,857,301	96,312,571	141,568,093	2,335,039	41,210,299	310,283,303
Additions	-	534,765	2,434,218	-	6,732,648	9,701,631
Disposals	-	-	(1,701,342)	-	(942,260)	(2,643,602)
Foreign currency exchange differences	(173,059)	(2,074,883)	(1,711,951)	(43,046)	(585,501)	(4,588,440)
Balance - End of the Year	28,684,242	94,772,453	140,589,018	2,291,993	46,415,186	312,752,892
Accumulated Depreciation:						
Balance - beginning of the year	-	10,135,482	85,109,826	1,785,853	31,111,813	128,142,974
Annual depreciation	-	1,942,542	10,293,929	229,312	2,595,752	15,061,535
Disposals	-	-	(1,535,563)	-	(893,104)	(2,428,667)
Foreign currency exchange differences	-	(490,969)	(850,701)	(37,382)	(373,720)	(1,752,772)
Balance - End of the Year	-	11,587,055	93,017,491	1,977,783	32,440,741	139,023,070
Net book value of property and equipment	28,684,242	83,185,398	47,571,527	314,210	13,974,445	173,729,822
Payments on purchased property and equipment	-	-	1,082,202	-	-	1,082,202
Projects under construction	-	185,110	-	-	-	185,110
Net Book Value - End of the Year	28,684,242	83,370,508	48,653,729	314,210	13,974,445	174,997,134
For the Year Ended December 31, 2019						
Cost:						
Balance - beginning of the year	26,862,813	30,351,435	94,479,292	2,637,748	38,619,498	192,950,786
Additions	1,996,141	65,972,139	51,144,731	142,099	4,333,674	123,588,784
Disposals	-	(1,938)	(4,055,357)	(443,690)	(1,747,123)	(6,248,108)
Foreign currency exchange differences	(1,653)	(9,065)	(573)	(1,118)	4,250	(8,159)
Balance - End of the Year	28,857,301	96,312,571	141,568,093	2,335,039	41,210,299	310,283,303
Accumulated Depreciation:						
Balance - beginning of the year	-	8,593,240	77,037,333	1,893,808	30,223,328	117,747,709
Annual depreciation	-	1,550,269	9,057,422	286,217	2,422,393	13,316,301
Disposals	-	(1,166)	(967,993)	(393,449)	(1,538,108)	(2,900,716)
Foreign currency exchange differences	-	(6,861)	(16,936)	(723)	4,200	(20,320)
Balance - End of the Year	-	10,135,482	85,109,826	1,785,853	31,111,813	128,142,974
Net book value of property and equipment	28,857,301	86,177,089	56,458,267	549,186	10,098,486	182,140,329
Payments on purchased property and equipment	-	-	2,257,126	-	-	2,257,126
Projects under construction	-	583,573	155,024	-	-	738,597
Net Book Value - End of the Year	28,857,301	86,760,662	58,870,417	549,186	10,098,486	185,136,052

- Property and equipment include fully depreciated assets of JD 83,391,234 as of December 31, 2020 compared with JD 81,388,071 as of December 31, 2019.
- Contractual commitments related to payments on purchases of property and equipment and projects under construction are stated in Note (51), and including the remaining estimated cost for projects under construction.

14. Intangible Assets - Net

The details of this item are as follows:

	Goodwill	Computer Software	Other *	Total
	JD	JD	JD	JD
<u>For the Year Ended December 31, 2020</u>				
Balance - beginning of the year	358,397	18,019,030	5,205,161	23,582,588
Additions **	-	4,088,609	-	4,088,609
Amortization for the year	-	(5,405,319)	-	(5,405,319)
Impairment loss for the year	-	-	(3,269,893)	(3,269,893)
Balance - End of the Year	358,397	16,702,320	1,935,268	18,995,985
<u>For the Year Ended December 31, 2019</u>				
Balance - beginning of the year	358,397	18,065,363	5,205,161	23,628,921
Additions **	-	5,288,935	-	5,288,935
Amortization for the year	-	(5,335,268)	-	(5,335,268)
Balance - End of the Year	358,397	18,019,030	5,205,161	23,582,588

* This item represents the license for conducting banking activities arising from the acquisition of Jordan International Bank / London with a shareholding value of 75%. The licence for conducting business was identified as having an infinite life. The Bank management booked an impairment in an amount of JD 3,269,893 (no impairment loss was recognized during 2019). The following are the main assumptions for the year 2020, used by the management to calculate the impairment loss:

The Bank used discounted future cash flows based on the approved 5 years budget in addition to a discounted terminal value using an weighted average cost of capital of 5.85% .

Management estimated a growth rate range of 2.3% to 2.6% for the coming 5 years and estimated the present value of the terminal value using a annual sustainable growth rate of 1.7% in operating income.

**The additions to computer software amounted to JD 2,771,692 as of December 31, 2020 compared with JD 950,753 as of December 31, 2019 representing payments on account for the purchase of computer software.

15. Other Assets

The details of this item are as follows:

	December 31,	
	2020	2019
	JD	JD
Accrued revenues and interest	29,817,280	29,789,846
Prepaid expenses	2,986,491	3,868,543
Assets seized by the Bank *	66,579,286	64,412,759
Gain of hedging derivatives valuation	252,390	-
Cheques under collection	14,984,796	13,130,829
Other	9,675,211	12,360,581
Total	124,295,454	123,562,558
Provision for expected credit loss **	(453,608)	-
Net	123,841,846	123,562,558

* The instruction of the Central Bank of Jordan require the Bank to dispose the assets it seizes during a maximum period of two years from the acquisition date.

The following is a summary of the movement on assets seized by the Bank:

	For the Year Ended December 31,	
	2020	2019
	JD	JD
Balance - beginning of the year	64,412,759	62,259,328
Additions	13,688,228	7,328,763
Disposals	(6,423,991)	(2,761,640)
Impairment loss	(4,952,095)	(2,413,692)
Foreign currency exchange differences	(145,615)	-
Balance - End of the Year	66,579,286	64,412,759

** The following is a summary of the movement on expected credit loss provision for the year 2020 and 2019:

	For the Year Ended December 31,	
	2020	2019
	JD	JD
Balance - beginning of the year	-	-
Transferred from sundry provisions	729,929	-
(Reversal) of expected credit loss for the year	(156,204)	-
Provisions no longer needed	(120,117)	-
Balance - End of the Year	453,608	-

16. Bank and Financial Institutions Deposits

The details of this item are as follows:

	December 31, 2020			December 31, 2019		
	Inside Jordan	Outside Jordan	Total	Inside Jordan	Outside Jordan	Total
	JD	JD	JD	JD	JD	JD
Current accounts and demand deposits	10,835,205	83,105,776	93,940,982	10,642,571	49,227,467	59,870,038
Deposits due within 3 months	51,219,216	570,359,110	621,578,326	63,169,564	535,023,195	598,192,759
Deposits due within 3- 6 months	62,206,315	-	62,206,315	7,427,437	-	7,427,437
Deposits due within 6 - 9 months	-	-	-	30,442,588	-	30,442,588
Deposits due within 9 - 12 months	-	-	-	5,470,603	23,845,797	29,316,400
More than one year	-	-	-	-	-	-
	124,260,736	653,464,886	777,725,622	117,152,763	608,096,459	725,249,222

17. Customers' Deposits

The details of this item are as follows:

	Retail	Corporate	SMEs	Government and Public Sector	Total
	JD	JD	JD	JD	JD
<u>December 31, 2020</u>					
Current accounts and demand deposits	666,315,607	185,585,879	325,095,531	57,928,997	1,234,926,014
Saving deposits	2,058,453,077	90,052	14,512,166	382,574	2,073,437,869
Time and notice deposits	1,248,459,314	371,812,862	59,158,943	229,715,262	1,909,146,381
Certificates of deposit	224,417,024	23,217,152	917,192	-	248,551,368
Others	413,333	-	-	-	413,333
Total	4,198,058,355	580,705,945	399,683,832	288,026,833	5,466,474,965
<u>December 31, 2019</u>					
Current accounts and demand deposits	642,993,738	145,017,839	326,621,662	45,305,384	1,159,938,623
Saving deposits	2,045,168,781	436,784	15,630,082	460,339	2,061,695,986
Time and notice deposits	1,479,637,391	361,481,275	110,768,971	340,862,820	2,292,750,457
Certificates of deposit	268,521,193	27,178,614	11,866	-	295,711,673
Others	416,229	-	-	-	416,229
Total	4,436,737,332	534,114,512	453,032,581	386,628,543	5,810,512,968

- The deposits of the public sector and the Government of Jordan inside the Kingdom amounted to JD 280.4 million, representing 5.1 % of total deposits as of December 31, 2020 (JD 381.6 million, representing 6.6 % of total deposits as of December 31, 2019).
- Non-interest bearing deposits amounted to JD 1,63 billion, representing 29.9% of total deposits as of December 31, 2020 (JD 1.59 billion, representing 27.3% of total deposits as of December 31, 2019).
- Restricted deposits (Restricted withdrawal) amounted to JD 187.1 million, representing 3.4 % of total deposits as of December 31, 2020 (JD 208.7 million, representing 3.6% of total deposits as of December 31, 2019).
- Dormant accounts amounted to JD 251.9 million, representing 4.6 % of total deposits as of December 31, 2020 (JD 203 million, representing 3.5% of total deposits as of December 31, 2019).

18. Cash Margins

The details of this item are as follows:

	December 31,	
	2020	2019
	JD	JD
Margins against direct credit facilities	116,533,261	101,014,059
Margins against indirect credit facilities	107,775,998	150,796,873
Dealing margins	571,091	1,271,174
Other margins	9,382,980	14,425,179
Total	234,263,330	267,507,285

19. Borrowed Funds

The details of this item are as follows:

	Amount	Periodic Repayment	Number of Total Payments	Number of Remaining Payments	Repayment Date	Guarantee	Borrowing Interest Rate	Re-lending Interest Rate
December 31, 2020	JD							
Amman Cairo Bank loan	28,000,019	Monthly	16	16	16/12/2021	Financial Solvency	%3,50	10.5%
Jordan Mortgage Refinance Co.	5,000,000	Semi annual	1	1	06/05/2023	Financial Solvency	%4,50	10.5%
Jordan Mortgage Refinance Co.	5,000,000	Semi annual	1	1	07/01/2021	Financial Solvency	%5,00	10.5%
Jordan Mortgage Refinance Co.	5,000,000	Semi annual	1	1	15/11/2023	Financial Solvency	%4,50	10.5%
Central Bank of Jordan loan	4,900,000	Semi annual	20	14	14/07/2028	Financial Solvency	2,08%	Guaranteed 6.04% without guarantee 6.54%
Central Bank of Jordan loan	3,776,131	Semi annual	20	19	15/03/2030	Financial Solvency	2,13%	Guaranteed 5.59% without guarantee 6.59%
Central Bank of Jordan loan	1,785,000	Semi annual	15	8	07/02/2031	Financial Solvency	%2,5	Guaranteed 6% without guarantee 6.5%
Central Bank of Jordan loan	3,880,680	Semi annual	34	34	21/12/2039	Financial Solvency	%3,00	Guaranteed 6.5% without guarantee 7.5%
Central Bank of Jordan loan	4,000,000	Semi annual	34	34	15/03/2035	Financial Solvency	2,08%	Guaranteed 6.04% without guarantee 6.54%
Central Bank of Jordan loan	36,235,962	Based on each drawdown			10 years	Promissory note on demand	Inside the capital city 1% outside the capital city 0.5%	Inside the capital Minimum 3.75% outside the capital minimum 3.25%
Central Bank of Jordan loan – national program to face COVID-19 pandemic	29,484,408	Based on each drawdown			42 months	Promissory note on demand	%0	%2
Central Bank of Jordan – repurchase agreements	54,715,405	Based on each agreement			From 11 days to 3 months	Government bonds	%2	-
Bank UBAF - Japan	27,801,017	Based on the financing agreement			19/05/2021	Financial Solvency	0.9%	6 month us Libor + 1.9% (floor : 1.9%)
Jordan Mortgage Refinance Co *	50,000,000	Semi annual	1	1	29/5/2024	Mortgage	%6,35	%8,50 : %5,75
Jordan Mortgage Refinance Co *	25,000,000	Semi annual	1	1	31/01/2022	Mortgage	%6,10	%8,50 : %5,75
Jordan Mortgage Refinance Co *	30,000,000	Semi annual	1	1	08/10/2023	Mortgage	%4.25	%8,50 : %5,75
	<u>314,578,622</u>							

- * Funds have been re-lent for housing loans at an interest rate of 5.75%-8.5%, and reborrowed funds amounted to JD 105,000,000
- Borrowed funds with a fixed interest rate amounted to JD 301,902,491, and borrowed funds with a variable interest rate amounted to JD 12,676,131 as of December 31, 2020.
- The maturity dates of funds reborrowed from the Central Bank of Jordan range from January 7, 2021 to December 31, 2039.
- Borrowed funds during 2020 amounted to JD 159,250,254, and settled borrowed funds amounted to JD 57,676,624
- The renewed loans amounted to JD 15,000,000.

	Amount	Periodic Repayment	Number of Total Payments	Number of Remaining Payments	Repayment Date	Guarantee	Borrowing Interest Rate	Re-lending Interest Rate
December 31, 2019	JD							
Amman Cairo Bank loan	1,000,000	Monthly	1	1	24/11/2020	Financial Solvency	4.50%	10.5%
Amman Cairo Bank loan	24,000,000	Monthly	16	16	17/12/2020	Financial Solvency	4.75%	10.5%
Jordan Mortgage Refinance Co.	5,000,000	Semi annual	1	1	4/5/2020	Financial Solvency	5.75%	10.5%
Jordan Mortgage Refinance Co.	5,000,000	Semi annual	1	1	9/8/2020	Financial Solvency	5.85%	10.5%
Jordan Mortgage Refinance Co.	5,000,000	Semi annual	1	1	12/11/2020	Financial Solvency	5.75%	10.5%
Jordan Mortgage Refinance Co.	5,000,000	Semi annual	1	1	7/1/2020	Financial Solvency	5.75%	10.5%
Central Bank of Jordan loan	5,600,000	Semi annual	20	16	14/7/2028	Financial Solvency	3.85%	Guaranteed 7.98% without guarantee 8.48%
Central Bank of Jordan loan	3,974,875	Semi annual	20	20	7/2/2031	Financial Solvency	3.90%	Guaranteed 7.53% without guarantee 8.53%
Central Bank of Jordan loan	2,275,000	Semi annual	15	10	29/11/2024	Financial Solvency	2.50%	Guaranteed 6% without guarantee 6.5%
Central Bank of Jordan loan	2,814,013	Semi annual	34	34	21/12/2039	Financial Solvency	3.00%	Guaranteed 6.5% without guarantee 7%
Central Bank of Jordan loan	12,250,691	According to instalment maturity date			5 years with the exception of renewable energy projects 10 years	Promissory note on demand	Inside the capital city 1.75% outside the capital city 1%	Inside the capital Minimum 4.5% outside the capital minimum 3.75%
Sumitomo Mitsui Bank – Japan	11,395,887	Based on the financing agreement			15/6/2020	Financial Solvency	0.85%	6 month US Libor 1.9% (floor: 1.9%)
Jordan Mortgage Refinance Co *	50,000,000	Interest is paid semiannually but paid in loans are one payment	1	1	29/5/2024	Mortgage	6.35%	6.99% - 9.25%
Jordan Mortgage Refinance Co *	25,000,000	Interest is paid semiannually but paid in loans are one payment	1	1	31/1/2022	Mortgage	6.10%	6.99% - 9.25%
	158,310,466							

* Funds have been reborrowed for housing loans at an interest rate of 6.99%-9.25%, and reborrowed funds amounted to JD 75,000,000.

- Borrowed funds with a fixed interest rate amounted to JD 137,339,704, and borrowed funds with a variable interest rate amounted to JD 9,574,875 as of December 31, 2019.
- The maturity dates of funds reborrowed from the Central Bank of Jordan range from March 15, 2020 to December 31, 2040.
- Borrowed funds during 2019 amounted to JD 76,963,491, and settled borrowed funds amounted to JD 55,908,283.
- The re-issued loans amounted to JD 80,000,000.

20. Leases

a. Right of use assets

The bank leases many assets, including lands and buildings, the average lease term is 5 years, and the following is the movement over the right to use assets during the year:

	For the Year Ended December 31	
	2020	2019
	JD	JD
Beginning balance (Amended)	28,702,451	33,006,764
Add: additions during the year	5,833,564	1,871,508
Less: Depreciation for the year	(4,058,261)	(4,171,118)
Cancelled contracts	(4,721,090)	(2,004,703)
Exchange difference	(486,775)	-
Balance – End of the Year	25,269,889	28,702,451

Amounts that were recorded in the statement of profits or losses:

	For the Year Ended December 31	
	2020	2019
	JD	JD
Depreciation for the year	4,058,261	4,171,118
Interest for the year	1,542,913	1,820,680
Lease expense during the year	5,601,174	5,991,798

b. lease liabilities

	For the Year Ended December 31	
	2020	2019
	JD	JD
Beginning balance (Amended)	26,734,220	33,006,764
Add: Additions during the year	5,833,564	1,871,508
Interest during the year	1,542,913	1,820,680
Less: paid during the period	(5,671,156)	(7,976,544)
Cancelled contracts	(3,805,548)	(2,004,703)
Exchange difference	(268,777)	16,515
Balance – End of the Year	24,365,216	26,734,220

Maturity of lease liabilities analysis:

	For the Year Ended December 31	
	2020	2019
	JD	JD
Up to a year	2,307,490	2,078,202
From one to five years	11,093,484	11,627,113
More than five years	10,964,242	13,028,905
	24,365,216	26,734,220

The value of the undiscounted lease obligations amounted to JD 31,901,058 as of December 31, 2020 and the following is a maturity analysis:

Undiscounted lease liabilities analysis:

	For the Year Ended December 31	
	2020	2019
	JD	JD
Up to a year	3,349,132	3,502,784
From one to five years	14,870,895	16,146,805
More than five years	13,681,031	16,031,775
	31,901,058	35,681,364

21. Sundry Provisions

The details of this item are as follows:

	Provision for End-of- Service Indemnity	Provision for Outstanding Lawsuits Against the Bank	Other Provisions	Total
<u>For the Year Ended December 31, 2020</u>	JD	JD	JD	JD
Balance - beginning of the year	7,858,724	23,053,888	13,411,831	44,324,443
Net provision for the year	6,008,227	3,133,485	612,602	9,754,314
Transfers to other assets	-	-	(729,929)	(729,929)
Provision used during the year	(7,426,546)	(147,905)	(719,120)	(8,293,571)
Reverse to revenue	-	-	(459,524)	(459,524)
Currency translation	20	(1,814,679)	(1,208,041)	(3,022,700)
Balance - End of the Year	<u>6,440,425</u>	<u>24,224,789</u>	<u>10,907,819</u>	<u>41,573,033</u>
<u>For the Year Ended December 31, 2019</u>				
Balance - beginning of the year	21,851,825	3,163,535	23,945,279	48,960,639
Net provision for the year	7,681,493	20,384,590	229,859	28,295,942
Transfers from/to provisions	3,185,725	-	(3,185,725)	-
Provision used during the year	(24,860,319)	(445,067)	(777,089)	(26,082,475)
Reverse to revenue	-	(21,747)	(6,801,109)	(6,822,856)
Currency translation	-	(27,423)	616	(26,807)
Balance - End of the Year	<u>7,858,724</u>	<u>23,053,888</u>	<u>13,411,831</u>	<u>44,324,443</u>

22. Income Tax

a. Income tax provision

The movement on the income tax provision is as follows:

	For the Year Ended December 31,	
	2020	2019
	JD	JD
Balance - beginning of the year	46,550,293	49,752,994
Income tax paid	(61,112,545)	(53,352,248)
Accrued income tax	62,552,313	44,917,751
Accrued income tax of distribution profits from a subsidiary	825,264	5,219,005
Currency translation	(299,757)	12,791
Balance - End of the Year	48,515,568	46,550,293

b. Income tax expense appearing in the consolidated statement of profit or loss represents the following:

	For the Year Ended December 31,	
	2020	2019
	JD	JD
Provision for income tax for the year	62,552,313	44,917,751
Deferred tax assets for the year	(54,605,143)	(28,404,207)
Deferred tax liabilities for the year	-	-
Amortization of deferred tax assets	26,380,219	27,145,926
Amortization of deferred tax liabilities	(4,127)	(410,723)
Accrued income tax of distribution profits from a subsidiary	825,264	5,219,005
Total	35,148,526	48,467,752

c. Reconciliation of the accounting profit with taxable profit:

	For the Year Ended December 31,	
	2020	2019
	JD	JD
Accounting profit for the year	77,654,780	132,174,952
Non-taxable income	(18,578,931)	(24,110,251)
Non-deductible expenses for tax purposes	113,380,916	35,917,431
Taxable Profit	172,456,765	143,982,132
Effective income tax rate	45.26%	36.66%

- The legal income tax rate on banks in Jordan is 35% in addition to 3% national contribution. The tax rate on local subsidiaries ranges from 20% to 28%, whereas the legal income tax rates in the countries in which the Bank operates range from 0% to 31%.

d. Tax Status

- The Bank has reached a final settlement with the Income and Sales Tax Department in Jordan up to the year 2016, and has paid the declared taxes for the years 2017, 2018, and 2019, while the income tax department in Jordan has not audited the tax returns for those years till the date of the issuance of these consolidated financial statements.
- Taxes due on Palestine branches were cleared up to 2018, and declared taxes have been paid up to the year 2019.
- The income tax for the International Bank for Trade and Finance /Syria was paid up to the year 2019.
- The income tax for the Housing Bank for Trade and Finance /Algeria was paid up to the year 2019.
- The income tax for Jordan International Bank/ London was paid up to the year 2019.
- The income tax for the International Financial Centre Company was paid up to the year 2019. Moreover, a final settlement has been reached for all years except for the years 2016 and 2017.
- The income tax for the Specialized Leasing Company was paid up to the year 2019, and a final settlement has been reached up to the year 2017.

e. Deferred Income Tax Assets / Liabilities

The details of this item are as follows:

	For the Year Ended December 31, 2020						December 31, 2020	December 31, 2019
	Beginning Balance	Reclassification Impact	Beginning Balance - Adjusted	Amounts Released	Amounts Added	Ending Balance	Deferred Tax	Deferred Tax
<u>Assets</u>	JD	JD	JD	JD	JD	JD	JD	
Expected credit loss	176,495,952	729,929	177,225,881	(58,462,425)	133,011,304	251,774,760	89,208,841	63,353,159
Suspended interest	1,260,274	-	1,260,274	-	1,458,654	2,718,928	977,845	453,249
Provision for indemnities	6,671,241	-	6,671,241	(7,308,500)	5,442,234	4,804,975	1,728,078	2,399,268
Impairment of real estate	7,160,089	-	7,160,089	(1,302,815)	6,254,910	12,112,184	4,356,067	2,575,079
Other provisions	7,862,601	(729,929)	7,132,672	(862,175)	2,845,105	9,115,602	3,278,366	2,827,733
Financial assets valuation difference	11,764,074	-	11,764,074	(1,103,299)	541,314	11,202,089	2,273,878	2,488,618
Goodwill impairment loss	-	-	-	-	2,452,420	2,452,420	318,815	-
Others	8,832,532	-	8,832,532	(5,415,129)	5,200,000	8,617,403	3,099,192	3,176,562
Total	220,046,762	-	220,046,762	(74,454,343)	157,205,941	302,798,361	105,241,081	77,273,667
<u>Liabilities</u>								
Difference valuation of financial assets	18,266,213	-	18,266,213	(11,474)	6,717,757	24,972,496	8,981,193	6,569,323
Total	18,266,213	-	18,266,213	(11,474)	6,717,757	24,972,496	8,981,193	6,569,323

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

	For the Year Ended December 31, 2020		For the Year Ended December 31, 2019	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
Balance - beginning of the year	77,273,667	6,569,323	76,354,109	4,141,270
Additions	54,583,582	2,415,997	28,404,207	2,838,776
Disposals	(26,380,219)	(4,127)	(27,515,596)	(410,723)
Currency translation	(235,949)	-	30,947	-
Balance - End of the Year	105,241,081	8,981,193	77,273,667	6,569,323

- * Deferred tax assets and liabilities for Jordan branches were calculated at a rate of 38% as of December 31, 2020 and 2019 in accordance with the Income Tax Law in the Hashemite Kingdom of Jordan. The tax rates, for subsidiaries and foreign subsidiaries, according to which deferred tax assets have been calculated, ranges from 19% to 28%. We believe that the tax assets and liabilities will be realized during the future periods of the Bank.

23. Other Liabilities

The details of this item are as follows:

	December 31,	
	2020	2019
	JD	JD
Accrued interest	12,660,083	22,401,169
Interests and commissions received in advance	627,877	949,144
Accrued expenses	18,825,735	17,646,599
Certified cheques	27,716,240	35,068,675
Transfers in process	25,980,352	31,439,928
Payments in process	8,142,073	6,203,976
Prizes	532,131	1,315,822
Amounts payable to correspondent banks	1,656,199	1,435,089
General management trusts	5,086,352	5,439,250
Dividends payable to shareholders	2,647,281	2,706,593
Accounts payable	5,134,749	3,018,488
Unrealized loss / hedge derivatives	2,554,897	383,780
Other payable accounts	69,128,388	58,745,944
Provision for indirect facilities' expected credit loss	35,880,148	32,057,352
Others	11,141,655	10,854,270
Total	227,714,160	229,666,079

Below is the movement on indirect facilities during the year:

2020						
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	686,750,033	139,683,669	32,131,097	4,381,623	19,746,052	882,692,474
Reclassification	70,492,510	(70,492,510)	179,282	(179,282)	-	-
Adjusted beginning balance for the year	757,242,543	69,191,159	32,310,379	4,202,341	19,746,052	882,692,474
New exposure during the period	302,469,988	10,593,932	10,315,454	682,060	198,050	324,259,484
Matured exposure	(321,103,972)	(11,511,107)	(5,845,230)	(1,404,066)	(5,661,112)	(345,525,487)
Transferred to stage (1)	2,576,288	954,632	(2,303,266)	(826,632)	(401,022)	-
Transferred to stage (2)	(7,349,516)	(3,431,913)	7,769,762	3,431,913	(420,246)	-
Transferred to stage (3)	(638,175)	(990,833)	(3,720,898)	(50,000)	5,399,906	-
Effect of the reclassification	(35,126,913)	4,802,622	1,447,100	748,285	146,957	(27,981,949)
Adjustments due to foreign currency changes	(5,875,797)	(5,348,903)	(16,126)	(2,471,873)	18,903	(13,693,796)
Balance at the End of the Year	692,194,446	64,259,589	39,957,175	4,312,028	19,027,488	819,750,726

2019						
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	519,936,051	151,028,148	31,565,361	610,752	18,881,469	722,021,781
New exposure during the period	295,140,096	64,899,990	21,838,545	3,248,015	83,382	385,210,028
Matured exposure	(213,726,896)	(78,032,692)	(24,115,501)	(226,826)	(1,677,388)	(317,779,303)
Transferred to stage (1)	4,699,896	145,834	(3,369,296)	(143,334)	(1,333,100)	-
Transferred to stage (2)	(2,042,292)	(825,210)	2,383,192	906,678	(422,368)	-
Transferred to stage (3)	(403,870)	(146,574)	(1,924,564)	(142,365)	2,617,373	-
Effect of the reclassification	83,153,382	2,116,960	5,758,836	130,416	1,596,684	92,756,278
Adjustments due to foreign currency changes	(6,334)	497,213	(5,476)	(1,713)	-	483,690
Balance at the End of the Year	686,750,033	139,683,669	32,131,097	4,381,623	19,746,052	882,692,474

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

2020						
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	3,279,931	4,129,689	6,728,093	938,565	16,981,074	32,057,352
Reclassification	2,770,570	(2,770,570)	30,084	(30,084)	-	-
Adjusted beginning balance for the year	6,050,501	1,359,119	6,758,177	908,481	16,981,074	32,057,352
Impairment loss on new exposure during the year	6,842,630	104,144	2,111,474	35,086	105,004	9,198,338
Reversed impairment loss on matured exposure	(3,540,491)	(481,972)	(118,803)	(330,969)	(5,233,176)	(9,705,411)
Transferred to stage (1)	217,652	244,384	(10,155)	(178,084)	(273,797)	-
Transferred to stage (2)	(249,640)	(442,327)	585,837	442,327	(336,197)	-
Transferred to stage (3)	(3,204)	(1,644)	(1,760,159)	(2,474)	1,767,481	-
Effect on provision as of end of the year due to reclassification between the stages during the year	(169,114)	(240,389)	(55,438)	(282,462)	1,795,619	1,048,216
Adjustments due to changes	2,398,769	1,042,918	820,598	524,379	797,622	5,584,286
Adjustments due to foreign currency changes	(256,850)	(1,230,403)	(2,631)	(812,696)	(53)	(2,302,633)
Balance at the End of the Year	11,290,253	353,830	8,328,900	303,588	15,603,577	35,880,148

2019						
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	3,823,459	2,433,685	4,846,856	84,229	15,737,883	26,926,112
Transfers	(571)	-	2	-	569	-
Adjusted beginning balance for the year	3,822,888	2,433,685	4,846,858	84,229	15,738,452	26,926,112
Impairment loss on new exposure during the year	1,554,499	2,737,553	4,852,085	755,041	2,492	9,901,670
Reversed impairment loss on matured exposure	(2,596,590)	(1,708,191)	(4,629,739)	(58,620)	(1,252,535)	(10,245,675)
Transferred to stage (1)	794,011	10,647	(63,931)	(9,147)	(731,580)	-
Transferred to stage (2)	(55,181)	(49,366)	369,898	77,372	(342,723)	-
Transferred to stage (3)	(5,257)	(5,032)	(62,498)	(4,939)	77,726	-
Effect on provision as of end of the year due to reclassification between the stages during the year	(763,788)	(10,297)	165,638	86,099	1,734,993	1,212,645
Adjustments due to changes	529,349	715,105	1,249,782	8,530	1,763,064	4,265,830
Adjustments due to foreign currency changes	-	5,585	-	-	(8,815)	(3,230)
Balance at the End of the Year	3,279,931	4,129,689	6,728,093	938,565	16,981,074	32,057,352

24. Capital and share Premium

Authorized and paid up Capital

The authorized and paid up capital amounts to JD 315 million, divided into 315 million shares, with a nominal value of one dinar per share, as of December 31, 2020 and 2019.

Share premium

The share premium is JD 328,147,537 as of December 31, 2020 and 2019.

25. Reserves

Statutory reserve

The amounts accumulated in this account represent the transfer of annual profits before tax at the rate of 10% during the year and previous years and it is not available for distribution to shareholders according to the laws and regulations enforced.

Special reserve

This item represents the reserve for the periodic fluctuations of Palestine branches according to the instructions of the Palestinian Monetary Authority, in addition to a special reserve with the International Bank for Trade and Finance / Syria based on the instructions of the regulatory authorities.

The restricted reserves for disposal are as follows:

Name of the reserve	As of December 31,		Regulation
	2020	2019	
	JD	JD	
Statutory reserve	243,461,008	235,755,327	According to the applicable laws and regulations
Special reserve	11,433,336	11,184,797	According to the regulatory authorities regulations

26. Foreign Currency Translation Reserve

This item represents the differences resulting from the translation of net investments in the foreign subsidiaries and branches upon the consolidation of the financial statements. The movement on this account is as follows:

	For the Year Ended December 31,	
	2020	2019
	JD	JD
Balance at the beginning of the year	(112,455,441)	(113,597,748)
Net changes during the year	(8,368,676)	1,142,307
Balance at End of the Year	(120,824,117)	(112,455,441)

27. Fair Value Reserve - Net

The fair value reserve appears net after deferred taxes with a negative amount of JD 9,654,188 as of December 31, 2020 (a negative amount of JD 5,400,864 as of December 31, 2019). The movement on the net fair value reserve is as follows:

	For the Year Ended December 31,	
	2020	2019
	JD	JD
Balance – beginning of the year	5,400,864	(2,219,625)
Unrealized (losses) - Debt instruments	6,674,751	11,674,687
Unrealized gain (losses) - Shares	(123,521)	(364,237)
Deferred tax assets	118,092	(851,186)
Deferred tax liabilities	(2,415,997)	(2,838,775)
Net change in the valuation reserve of financial assets at fair value through comprehensive income after tax	4,253,324	7,620,489
Balance at End of the Year	9,654,188	5,400,864

28. Retained Earnings

The movement on retained earnings is as follows:

	For the Year Ended December 31,	
	2020	2019
	JD	JD
Balance – beginning of the year	285,267,050	268,842,701
Prior years adjustments *	(9,566)	(287,049)
Adjusted– beginning balance of the year	285,257,484	268,555,652
Income for the year	36,614,354	80,866,565
Dividends distribution	-	(47,250,000)
Transferred to reserve	(7,944,654)	(16,918,805)
Gains from sale of financial assets at fair value through other comprehensive income	(1,350)	13,638
Balance – End of the Year	313,925,834	285,267,050

- * Prior year adjustments item represents reserves for subsidiaries that were recorded after the issuance of the group consolidated financial statements for the year 2019.

The Bank cannot use a restricted amount of JD 6,275,955 from retained earing which represents the financial assets revaluation differences in accordance with the instructions of Jordan Securities Commission.

Retained earnings includes an amount of JD 520,277, which represents the effect of early implementation of the International Financial Reporting Standard No (9). This amount may not be used except for the amounts actually realized from sale.

The Bank cannot use a restricted amount of JD 105,241,081 from retained earing which represents deferred tax assets which are restricted against capitalization or distribution only to the extent if actually recognized in accordance with the instructions of the Central Bank of Jordan and the Jordan Securities Commission.

Retained earnings includes a restricted amount of JD 4,786,721, which represents the gain from the valuation of foreign currencies at the International Bank for Trade and Finance /Syria for the current year and the prior years.

29. Retained Earnings and Proposed Dividends

The proposed cash dividends for the current year amounted to 11% of paid-in capital (equivalent to JD 34,7 million) as of December 31,2020 and its subject to the approval of the General Assembly of Shareholders. No cash dividents have been distributed during 2020 in accordance with the central bank of Jordan circular 1/1/4693 dated April 9 , 2020.

The distributed cash dividends during 2019 were amounted to JD 47,3 million (15% of paid-in capital).

30. Subsidiaries with Material Non-controlling Interest

First: Percentage owned by non-controlling interests

As of December 31, 2020 and 2019			
	Country	Activity Sector	Non-controlling Interests
International Bank for Trade and Finance/Syria	Syria	Banking	50.937%
The Housing Bank for Trade and Finance/Algeria	Algeria	Banking	15%
Jordan International Bank London/UK	United Kingdom	Banking	25%
International Financial Centre Company/JOR	Jordan	Financial intermediation	25.5%

Second: The following is selected financial information for subsidiaries with non-controlling interests:

- a. Condensed statement of financial position before elimination of inter-company transactions as of December 31, 2020 and 2019:

As of December 31, 2020				
	International Bank for Trade and Finance/Syria	The Housing Bank for Trade and Finance/Algeria	Jordan International Bank London/UK	International Financial Centre Company/JOR
	JD	JD	JD	JD
Financial assets	187,093,770	485,298,855	351,763,949	5,606,563
Other assets	2,371,555	17,724,894	5,340,031	106,449
Total Assets	189,465,325	503,023,749	357,103,980	5,713,012
Financial Liabilities	145,531,669	275,384,805	265,085,391	-
Other Liabilities	5,475,012	111,043,664	3,962,537	294,422
Total Liabilities	151,006,681	386,428,469	269,047,928	294,422
Total Equity	38,458,644	116,595,280	88,056,052	5,418,590
Total Liabilities and Equity	189,465,325	503,023,749	357,103,980	5,713,012
Non-Controlling Interest	19,589,583	17,490,458	22,014,013	1,219,183

As of December 31, 2019				
	International Bank for Trade and Finance/Syria	The Housing Bank for Trade and Finance/Algeria	Jordan International Bank London/UK	International Financial Centre Company/JOR
	JD	JD	JD	JD
Financial assets	272,905,254	514,988,708	350,452,489	5,567,454
Other assets	6,857,156	12,356,744	5,586,496	115,787
Total Assets	279,762,410	527,345,452	356,038,985	5,683,241
Financial Liabilities	229,005,894	305,103,495	268,823,187	-
Other Liabilities	15,979,938	123,754,958	4,243,879	298,342
Total Liabilities	244,985,832	428,858,453	273,067,066	298,342
Total Equity	34,776,578	98,486,999	82,971,919	5,384,899
Total Liabilities and Equity	279,762,410	527,345,452	356,038,985	5,683,241
Non-Controlling Interest	17,701,485	14,774,035	20,742,980	1,278,729

- b. Condensed statement of profit or loss before elimination of inter-company transactions for the year ended December 31, 2020 and 2019:

For the Year Ended December 31, 2020				
	International Bank for Trade and Finance/Syria	The Housing Bank for Trade and Finance/Algeria	Jordan International Bank London/UK	International Financial Centre Company/JOR
	JD	JD	JD	JD
Total revenue	8,763,147	22,607,863	10,916,749	428,790
Profit for the year	9,131,160	7,454,394	1,710,731	32,579
Total Comprehensive Income Attributable to non-controlling interest	9,131,160	7,454,394	2,945,696	32,579
	4,651,116	1,118,234	736,424	7,330

For the Year Ended December 31, 2019				
	International Bank for Trade and Finance/Syria	The Housing Bank for Trade and Finance/Algeria	Jordan International Bank London/UK	International Financial Centre Company/JOR
	JD	JD	JD	JD
Total revenue	7,274,214	31,450,372	11,220,128	471,471
Profit for the year	5,803,925	(4,563,140)	2,413,324	106,892
Total Comprehensive Income Attributable to non-controlling interest	5,803,925	(4,563,140)	3,350,092	106,892
	2,956,330	(684,516)	837,523	24,051

- c. Condensed statement of cash flows for material subsidiaries for the year ended December 31, 2020 and 2019:

For the Year Ended December 31, 2020				
	International Bank for Trade and Finance/Syria	The Housing Bank for Trade and Finance/Algeria	Jordan International Bank London/UK	International Financial Centre Company/JOR
	JD	JD	JD	JD
Operating cash flows	(85,243,245)	(24,258,513)	(7,430,714)	(529,198)
Investing cash flows	520,612	45,082	7,549,715	-
Financing cash flows	(186,105)	19,609,829	101,575	-
Effect of change in exchange rates	36,935,606	17,212,340	8,527,726	-
Net Increase / (Decrease)	(47,973,132)	12,608,738	8,748,302	(529,198)

For the Year Ended December 31, 2019				
	International Bank for Trade and Finance/Syria	The Housing Bank for Trade and Finance/Algeria	Jordan International Bank London/UK	International Financial Centre Company/JOR
	JD	JD	JD	JD
Operating cash flows	10,411,698	17,455,354	16,213,289	1,128,249
Investing cash flows	(1,977,854)	1,029,291	(65,956)	(2,104)
Financing cash flows	(1,647)	(25,550,416)	1,806,381	-
Effect of change in exchange rates	178,435	19,228,222	2,736,521	-
Net Increase / (Decrease)	8,610,632	12,162,451	20,690,235	1,126,145

- d. The cash dividends for the Housing Bank for Trade and Finance/Algeria amounted to JD 4,676,382 during the year 2020 (JD 29,499,698 during the year 2019).

31. Interest Income

The details of this item are as follows:

For the Year Ended December 31,		
	2020	2019
	JD	JD
Direct Credit Facilities:		
Individual retail customer:		
Overdraft	478,168	558,216
Loans and discounted bills	66,446,689	69,298,270
Credit cards	2,433,880	2,774,696
Real estate mortgages	67,880,709	79,144,523
Large corporates		
Overdraft	19,234,534	31,042,650
Loans and discounted bills	73,166,111	66,196,940
SME's		
Overdraft	8,133,126	9,524,130
Loans and discounted bills	15,821,790	17,381,198
Government and Public Sector	37,201,228	45,361,664
Balances at central banks	5,500,149	11,251,230
Balances and deposits at banks and financial institutions	5,692,566	14,415,668
Financial assets at fair value through profit or loss	-	1,098
Financial assets at fair value through other comprehensive income	10,814,756	10,829,100
Financial assets at amortized cost	93,627,018	88,498,376
Total	406,430,724	446,277,759

32. Interest Expense

The details of this item are as follows:

For the Year Ended December 31,		
	2020	2019
	JD	JD
Banks and financial institutions deposits	10,071,307	19,906,710
Customers deposits:		
Current accounts and demand deposits	676,657	777,214
Saving deposits	4,000,272	9,215,375
Time and notice deposits	55,200,946	87,244,585
Certificates of deposit	11,477,164	11,732,606
Cash margin	2,143,296	3,077,978
Borrowed funds	9,197,678	7,538,407
Deposits insurance fees	7,598,540	8,199,594
Lease liability	1,542,913	1,820,680
Other	-	20,063
Total	101,908,773	149,533,212

33. Net Commission Income

The details of this item are as follows:

	For the Year Ended December 31,	
	2020	2019
	JD	JD
Commission income:		
Direct credit facilities	10,488,511	11,849,237
Indirect credit facilities	11,879,597	14,982,899
<u>Less: Commission expense</u>	<u>(537,555)</u>	<u>(46,504)</u>
Net Commission Income	<u>21,830,553</u>	<u>26,785,632</u>

34. Net Gain from Foreign Currency Exchange

The details of this item are as follows:

	For the Year Ended December 31,	
	2020	2019
	JD	JD
From trading	4,301,135	7,432,161
From re-valuation	5,101,687	3,017,264
Total	<u>9,402,822</u>	<u>10,449,425</u>

35. Gain (Loss) from Financial Assets at Fair Value through Profit or Loss

The details of this item are as follows:

	Realized		Unrealized		Dividends	
	Gain	(Loss)	Gain	(Loss)	Received	Total
	JD	JD	JD	JD	JD	JD
For the Year 2020						
Corporate shares	-	(4,387)	709,961	-	29,365	734,939
Credit facilities	-	-	1,596,978	-	-	1,596,978
Total	-	(4,387)	2,306,939	-	29,365	<u>2,331,917</u>
For the Year 2019						
Bonds	-	(3,689)	-	-	-	(3,689)
Corporate shares	-	-	-	(155,561)	169,700	14,139
Total	-	(3,689)	-	(155,561)	169,700	<u>10,450</u>

36. Other Income

The details of this item are as follows:

	For the Year Ended December 31,	
	2020	2019
	JD	JD
Fees on salaries accounts	3,324,931	3,401,126
Credit cards income	4,539,867	7,324,409
Safety deposit box rental income	577,961	587,771
Commissions on returned checks	457,368	775,229
Customer account management fees	10,574,753	5,890,658
Net income from recovered loans	736,701	25,888
Brokerage services fees	225,291	243,001
Banking services fees	1,031,727	1,118,036
Income on transfers	3,397,040	5,135,242
Miscellaneous income	2,735,088	2,261,112
Unrealized loss / hedge derivatives	(1,596,978)	-
Total	<u>26,003,749</u>	<u>26,762,472</u>

37. Employees Expenses

The details of this item are as follows:

For the Year Ended December 31,		
	2020	2019
	JD	JD
Salaries, benefits and allowances	59,030,149	62,138,511
Bank's contribution in social security	6,729,355	6,803,054
Bank's contribution in the saving fund	242,644	224,389
End-of-service indemnity	6,008,227	7,681,493
Medical expenses	2,877,447	3,299,727
Training expenses	327,456	577,841
Travel and transportation expenses	480,144	1,128,388
Others	969,025	1,047,516
Total	76,664,447	82,900,919

38. Other Expenses

The details of this item are as follows:

For the Year Ended December 31,		
	2020	2019
	JD	JD
Information technology	11,516,968	11,288,865
Marketing and promotion	2,968,572	3,383,919
External and professional services	1,680,246	1,495,775
Workplace expenses	16,415,828	19,102,947
Financial institutions subscription fees	3,180,041	3,255,252
Stationery expenses	1,503,565	2,027,147
Fees on credit facilities processing	425,008	453,460
Other expenses	19,052,913	13,139,288
Total	56,743,141	54,146,653

39. Expected Credit Loss Expense – Net

The details of this item are as follows:

For the Year Ended December 31,		
	2020	2019
	JD	JD
Balances at central banks	17,639	23,353
Balances and deposits at banks and financial institutions	(104,498)	9,354
Deposits at banks and financial institutions	143,568	(20,459)
Financial assets at fair value through other comprehensive income	122,958	65,463
Financial assets at amortized cost	1,995,178	51,943
Direct credit facilities	114,416,981	49,871,021
Indirect credit facilities (commitments and contingent liabilities)	6,125,429	5,134,470
Other assets	(156,204)	-
Total	122,561,051	55,135,145

40. Earnings Per Share

The details of this item are as follows:

	For the Year Ended December 31,	
	2020	2019
	JD	JD
Profit for the year attributable to shareholders' (JD)	36,614,354	80,866,565
Weighted average number of shares (share)	315,000,000	315,000,000
Basic and diluted earnings per share attributable to shareholders of the Bank	JD 0.116	JD 0.257

41. Cash and Cash Equivalents

The details of this item are as follows:

	As of December 31,	
	2020	2019
	JD	JD
Cash and balances with central banks maturing within 3 months	1,125,815,286	1,114,619,117
<u>Add:</u> Balances with banks and financial institutions maturing within 3 months	360,745,243	452,733,115
<u>Less:</u> Banks and financial institutions deposits maturing within 3 months	(715,519,308)	(658,062,797)
	771,041,221	909,289,435

42. Financial Derivative Instruments

The details of this item are as follows:

	Positive Fair Value	Negative Fair Value	Nominal Value	Due in three Months	Due in 3 - 12 Months	From 1 to 3 Years
	JD	JD	JD	JD	JD	JD
<u>For the Year 2020</u>						
Traded Financial Derivatives:						
Forward foreign currency contracts	167,836	-	6,453,798	5,029,028	1,424,770	-
Interest rate option contracts	-	-	3,545,000	-	-	3,545,000
Hedge derivatives:						
Forward foreign currency contracts	420,041	(1,293,407)	293,242,860	122,397,477	170,845,383	-
Currency swap contracts	-	-	14,180,000	-	14,180,000	-
Interest rate swap contracts	-	(1,596,978)	127,620,000	-	31,905,000	95,715,000
Interest rate option contracts	-	-	3,545,000	-	-	3,545,000
<u>For the Year 2019</u>						
Traded Financial Derivatives:						
Forward foreign currency contracts	63,104	(446,884)	230,786,087	227,259,525	3,526,562	-
Currency swap contracts	-	-	14,180,000	-	14,180,000	-

Nominal value represents the value of transactions outstanding at year-end and does not refer to market risks or credit risks.

43. Related Party Transactions

These consolidated financial statements include the financial statements of the Bank and the following subsidiaries:

Company Name	Ownership	December 31,	
		2020	2019
	%	JD	JD
The Housing Bank for Trade and Finance / Algeria	85%	171,671,187	127,798,568
International Bank for Trade and Finance / Syria	49.063%	76,684,321	76,684,321
International Financial Center	77.5%	5,000,000	5,000,000
Specialized Lease Finance Co.	100%	30,000,000	30,000,000
Jordan Real Estate Investment Co.	100%	40,000	40,000
Jordan International Bank / London	75%	72,403,280	72,403,280
International Financial Center / Syria	46.704%	1,495,780	1,495,780

The subsidiary, International Bank for Trade and Finance – Syria owns 85% of the International Financial Centre Company – Syria, and the Bank owns 5% of the company.

The Bank entered into transactions with major shareholders, Board of Directors, and executive management in the course of its ordinary activities at commercial rates of interest and commissions. All facilities granted to related parties are performing, and no provisions have been taken.

b. Summary of related party transactions during the year:

	Related Party				Total as of December 31,	
	Major Shareholders	Subsidiaries	Board of Directors	Executive Management	2020	2019
	JD	JD	JD	JD	JD	JD
Financial Position Items:						
Total deposits with related parties	46,820,432	73,544,449	1,548	620	120,367,049	157,449,077
Total deposits from related parties	593,696,133	80,082,388	1,765,756	3,986,775	679,531,052	758,017,339
Loans and advances granted to related parties	-	485,658	215,823	4,202,188	4,903,669	811,997
Loans and facilities granted by related parties	-	3,948,698	-	-	3,948,698	975,538
Items Off-statement of Financial Position						
Letters of guarantees and credits	-	1,336,262	-	-	1,336,262	1,319,912
Forward foreign currency contracts	61,595,238	-	-	-	61,595,238	51,587,903
Interest rate swap contracts	127,620,000	-	-	-	127,620,000	-

c. Summary of related party transactions during the year:

	Related Party				Total for the Year Ended December 31,	
	Major Shareholders	Subsidiaries	Board of Directors	Executive Management	2020	2019
	JD	JD	JD	JD	JD	JD
Statement of profit or loss Items						
Interest and commissions income	337,366	432,771	16,234	124,861	911,232	1,163,916
Interest and commissions expense	9,021,270	1,275,536	30,337	79,108	10,406,251	25,514,643

- Interest expense rates range from 0% to 7%.
- Interest income rates range from 0% to 7%.

d. Summary of the Bank's executive management remuneration:

	For the Year Ended December 31,	
	2020	2019
	JD	JD
Salaries, bonuses, and other benefits	2,963,832	5,068,159
Salaries, bonuses, and other benefits/ subsidiaries	2,308,988	2,224,174

44. Information about the Bank Business Sectors

Information about the bank's activities:

The Bank is organized for administrative purposes through four main business sectors according to reports sent to the main decision-maker at the bank:

- Retail Banking: includes following up on deposits of individual customers and small businesses, and granting them loans, debts, credit cards, and other services
- Corporate: This includes following up on deposits, credit facilities and other banking services for institutional and corporate clients.
- Corporate Finance: The activity of this sector relates to arranging structured finance and providing services relating to privatizations, IPO's, mergers and acquisitions.
- Treasury: this sector includes providing trading and treasury services and the management of the Bank's funds in money and capital markets.

Information of the Bank's business segment distributed according to operations is as follows:

							Total	
							For the Year Ended December 31,	
	Retail Banking	Corporate	Corporate Finance	Treasury	Other	Elimination	2020	2019
	JD	JD	JD	JD	JD	JD	JD	JD
Gross Income	199,558,682	180,961,546	5,768,331	140,276,532	13,896,893	(74,258,221)	466,203,763	510,512,706
Expected credit loss for the year	2,963,142	(110,898,891)	(12,450,457)	(2,174,845)	-	-	(122,561,051)	(55,135,145)
Segment results	81,678,080	(26,195,647)	(8,423,929)	30,631,745	13,660,468	-	91,350,717	143,109,806
Unallocated expenses							(13,695,937)	(10,934,854)
Income before tax							77,654,780	132,174,952
Income Tax							(35,148,526)	(48,467,752)
Profit for the Year							42,506,254	83,707,200
Depreciation and amortization							24,525,115	22,830,180
Capital expenditures							11,846,894	17,253,533
December 31,								
	2020						2020	2019
	JD						JD	JD
Segment Assets	4,757,066,192	2,559,685,062	71,282,120	3,695,718,097	1,348,466,391	-	12,432,217,862	12,736,595,266
Elimination of assets between segments	(3,081,014,095)	-	-	(519,352,069)	(631,043,562)	-	(4,231,409,726)	(4,374,630,792)
Unallocated assets							105,241,081	77,273,667
Total Assets							8,306,049,217	8,439,238,141
Segment Liabilities	4,671,442,796	2,699,230,592	79,869,389	3,598,016,947	318,060,518	-	11,366,620,242	11,609,968,749
Elimination of liabilities between segments	-	(1,409,316,667)	(55,116,261)	(2,766,976,799)	-	-	(4,231,409,727)	(4,301,113,773)
Unallocated liabilities							8,981,194	6,569,323
Total Liabilities							7,144,191,709	7,315,424,299

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

	Inside Jordan		Outside Jordan		Total	
	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD
Gross income	380,174,404	406,200,474	86,029,359	104,312,232	466,203,763	510,512,706
Total assets	6,695,628,428	7,056,087,985	1,610,420,789	1,383,150,156	8,306,049,217	8,439,238,141
Capital expenditures	10,045,417	13,595,425	1,801,477	3,658,108	11,846,894	17,253,533

45. Capital Adequacy

The Bank aims to achieve the following goals through managing capital:

- To be aligned with the central bank's capital requirements.
- Maintaining the Bank's ability to continue.
- Maintaining a strong capital base to support growth and development of the bank's activities.
- The Bank's management monitors capital adequacy monthly as well as provide the central bank with the required information about the capital adequacy on a quarterly basis.

According to the instructions of the Central Bank, the minimum capital adequacy ratio is 12%, and banks are classified into five categories, the best of which is a rate of 14% or more.

The Bank manages the capital structure and makes the necessary adjustments to it in light of changes in working conditions. The Bank has not made any changes to the objectives, policies and procedures related to capital structure during the current year.

The capital adequacy ratio is calculated according to the instructions of the Central Bank, based on the instructions of Basel III Committee, as follows:

	December 31,	
	2020	2019
	JD	JD
1. Common Equity Tier 1 Capital		
Paid-in capital	315,000,000	315,000,000
Retained earnings	267,593,973	278,889,848
Other comprehensive income items	(111,169,929)	(107,054,578)
Net fair value reserve	9,654,188	5,400,864
Foreign currency translation reserve	(120,824,117)	(112,455,442)
Share premium	328,147,538	328,147,537
Statutory reserve	243,442,730	235,737,655
Other reserve	11,433,336	11,184,798
Non-controlling Interest	18,100,568	23,196,877
Total capital of common stock	1,072,548,216	1,085,102,137
Regulatory amendments (Propositions of the capital)	(131,032,385)	(106,496,129)
Goodwill and other intangible assets	(18,995,985)	(23,582,588)
Deferred tax assets	(105,241,081)	(77,273,667)
Investments in capital of non-consolidated subsidiaries	(40,681)	(36,613)
Mutual fund investments in the capital of Banking, Financial and Insurance Entities (within CET1)	(6,754,638)	(5,603,261)
Total primary capital	941,515,831	978,606,008
2. Additional Tier 1		
Non-controlling Interest	3,194,218	4,093,567
Total additional capital	3,194,218	4,093,567
Regulatory amendments (Propositions of the capital)	-	-
Net additional capital	3,194,218	4,093,567
Net additional capital Tier 1.	944,710,049	982,699,575
3. Tier 2		
General banking risk reserve	-	-
Provision of credit loss for stage (1) not exceeding 1.25% of assets exposed to credit loss	63,777,881	32,594,487
Non-controlling Interest	4,258,958	5,458,089
Total supported capital	68,036,839	38,052,576
Regulatory amendments (Propositions of the capital)	-	(4,068)
Investments in capital of non-consolidated subsidiaries	-	(4,068)
Net additional capital Tier 2	68,036,839	38,048,508
Regulatory capital	1,012,746,888	1,020,748,083
Total weighted assets risk average.	5,810,185,234	5,664,064,302
Capital Adequacy ordinary shareholders (CET1) Ratio %	16.20%	17.28%
Capital Adequacy Tier 1 Ratio %	16.26%	17.35%
Capital Adequacy Ratio %	17.43%	18.02%

46. Fair Value of Financial Assets Not Carried at Fair Value in the Financial Statements

The fair value of financial assets not carried at fair value in the financial statements is as follows:

	December 31, 2020		December 31, 2019	
	Book Value	Fair Value	Book Value	Fair Value
	JD	JD	JD	JD
Financial assets at amortized cost	1,833,842,295	1,834,899,733	1,826,623,951	1,826,712,146
Direct credit facilities – Net	3,976,743,772	3,976,743,772	4,158,821,005	4,158,821,005

47. Risk Management

Banking risks are managed based on a comprehensive mitigation strategy where acceptable risks are defined along with ways to limit and confront such risks. Such a strategy allows the Bank to better manage its business while maintaining a certain level and type of risk the Bank is willing to bear and handle without affecting strategic goals and objectives. Meanwhile, the Bank minimizes the negative effects of internal and external incidents on the Bank's profitability, capital, market share and any other intangible factors such as reputation and goodwill.

Defining risk levels and limits is a process conducted according to quantitative and qualitative measurement techniques, depending on the nature of each risk. Those risk levels are then reflected (quantitative and qualitative) within the risk limits defined and approved in the Bank's policies and procedures.

Acceptable risk levels comply with the Bank's strategy and mechanism to do business. They clearly describe risks that the Bank can accept and the policies through which the Bank can control and monitor such risks.

Strategic objectives of risk management

- Establishing effective risk management in the Bank and enhancing institutional governance through applying advanced methods and approaches in measuring different risks.
- Hedging and mitigating potential losses, leading to the maximization of profitability and improvement of the efficiency and effectiveness of the banking operations.
- Spreading a culture of awareness of the surrounding risks and achieving a deep understanding of all levels of management of risks faced by the Bank.
- Assisting in achieving the overall strategic objectives of the Bank.

Risks to the Bank

The Bank is exposed to the following major risks:

- Credit risk.
- Market and liquidity risks, including interest and currency risks.
- Operational risks, including information security risks and business continuity risks.

Acceptable risk levels

Effective risk management includes a thorough understanding of the sources and nature of the risks facing the Bank, as well as the provision of an appropriate regulatory environment in line with the international best practices and standards, consistent with the instructions of the regulatory authorities and the Bank's policies and procedures. The most important pillars of effective risk management are based on identifying acceptable risk levels for all banking activities after identifying, measuring, and analyzing the various risks faced by the Bank.

The procedures used to determine acceptable risk levels at the Bank include:

- Determining the business strategy: The acceptable risk levels are determined in line with the Bank's strategic plan, regulatory directives, maintaining its capital adequacy, sound management of liquidity risks and sources of funds, and maintaining stable levels of profit.
- Evaluating the Bank's material risks and identifying methods and approaches of measurement, quantifying the risks that the Bank can accept and assume, and inform the Board of Directors about risks, size of exposure, and control framework on these risks at the Bank.
- Determining the acceptable risk level for business units and the Bank's products, through limits, and the level of risk that the Bank can bear and accept based on the exposure to the Bank's activities and on the objectives set for the Bank and the business community.
- In addition, the acceptable risk levels are monitored, and any violations of the prescribed limits and acceptable risk levels are addressed and reported to the Board of Directors through the Risk Management Committee.

Risk management framework

- The existence of a separate risk management structure that includes monitoring, supervision, reporting, and tasks related to the risk functions.
- The existence of a strategy, policies, and work procedures aimed at effective risk management, control, and mitigation of the adverse effects of such risks.
- Controlling, supervising, and measuring risks within the risk acceptance document.
- Managing risks on a daily basis and ensuring that they are within the approved limits.

Credit risk

Credit risk is defined as the risk arising from the customer's inability or unwillingness to meet its obligations to the Bank within an agreed period of time or from a recession in a particular sector.

In this regard, customers' credit concentration risks are defined as the risks to the Bank arising from the unequal distribution of credit customers or concentrations in facilities granted to economic sectors or in certain countries, which may lead to increased probability of losses.

Credit risk management

Credit risk is managed by:

- Promoting the establishment of a good and balanced credit portfolio that achieves the targeted return within its defined risk levels;
- Strictly controlling credit in its various stages and consistently complying with the regulatory authorities' instructions and their amendments;
- Distributing the credit portfolio, including expanding the customer base according to specific plans, ceilings, and risks;
- Continuing to work within the principle of segregating the functions of customer relationship management, credit analysis, and credit control;
- Granting credit based on eligibility and repayment ability, provided that there are no restrictions on borrowing or foreclosure in the Company's Memorandum of Association and Articles of Association, and on the Bank's belief in the customers' ability to meet their obligations based on a comprehensive credit study of the customers' positions within the Bank's acceptable risk classification levels;
- Prohibiting the financing of facilities except for the purposes specified in the Bank's credit policy, the instructions of the Central Bank of Jordan, the Banking Law, and any instructions issued by the regulatory authorities, and against appropriate collaterals that guarantee the Bank's right;
- Reducing the non-performing debt ratio in the credit portfolio while increasing market share in commercial finance and corporate finance; and
- Diversifying the credit portfolio, especially in the corporate portfolio, while avoiding overconcentration at the customer's level.

Default and default tackling mechanism:

Default definition:

Default is the existence of payment dues on customer facilities of more than 90 days and/or a marked increase in risk ratings (8,9,10), in addition to any indications of the existence of customer's probability of default (PD), requiring the inclusion of some customers within the concept of "Credit Deterioration Factors", including, but not limited to:

- Significant financial difficulties faced by the debtor such as a severe weakness in the financial statements.
- Relinquishing part of the obligations incurred by the debtor because of the debtor's financial difficulties.
- Non-payment of obligations on time.
- Debtor's bankruptcy.
- Debtor's frequent need to restructure or reschedule his obligations.

Default handling mechanism:

Under the instructions of the Central Bank of Jordan, and once debt is classified as non-performing, the Bank takes adequate provisions and carries out the necessary procedures for collecting its rights in accordance with the applicable laws. Furthermore, the Bank performs all collection procedures to reach settlements with customers according to the regulations in force to ensure that debts are repaid fully or rescheduled in accordance with the standards and principles stipulated by the Central Bank of Jordan and the regulatory authorities of the host countries.

The Bank's Internal Rating Systems:

Internal Rating System for Corporate Customers:

A system designed to assess and measure the risks of corporate customers in a comprehensive manner by extracting the customer's risk rating associated with the customer's probability of default (PD) based on the financial and objective data. It is also involved in determining of the expected credit losses (ECL) of the customer's facilities through "facility rating" and the loss given default (LGD) associated with collaterals.

The Risk Analyst credit lens / Moody's System has various models and Scorecards to cover most customer segments. Each model has several sections, and each section is associated with risk weights according to model used. The risk score is calculated through these models/cards by collecting the results of financial and objective extracts in a digital form called VOTES. Then, calculations are made to extract the so-called average assessment, which is shown in the form of a digital counter (from 0-100), noting that the digital counter is divided into seven sections (excellent / very good / good / average / less than average / bad / unacceptable).

The Bank uses the Risk Analyst/Moody's System to measure the risk rating of customers within (7) grades for the performing accounts and (3) grades for the non-performing accounts. The probability of default (PD) increases as risk rating increases. Three segments are adopted at each grades - with the exception of grade (1). Each grade is defined clearly as explained in the methodology.

Principles for the evaluation process within the internal rating system for corporate customers:

- Availability of recent, audited / unaudited financial statements, in line with the instructions of the Central Bank of Jordan to reflect the actual financial position of the credit applicant.
- The credit grantor having a clear idea about the objective aspects of the customer's situation (e.g. management, customer sector, competitive situation, etc.), due to the significant impact of the objective aspect on the customer's risk assessment results.
- Availability of sufficient data on the customer's collaterals to enable assessment of the credit facility's risk.
- Annual update of the *Probability of Default* based on the latest studies conducted by Moody's.
- Selection of the appropriate *Analysis Model* that fits with the customer's nature.
- Use of the *Archiving Option* to maintain the customer's historical risk levels approved within the credit analysis.

The *Override Option* of the Risk Analyst System using credit lens can be used through adopting the Bank's override methodology concerning the availability of approval of the authorized personnel "representing the credit granting powers themselves", in order to raise or lower the risk level, according to the credit analysis memorandum prepared by the Business and Credit Review Center.

Internal Rating System for Retail and Small Business Customers:

A system that evaluates customers (individuals and small companies) and gives them risk scoring based on their risks before granting them loans. Based on this evaluation, the customer's creditworthiness and probability of default are assessed.

The internal scoring of retail customers is conducted for all granted products (personal loans, housing loans, credit cards, and car loans). For small companies, the granted products are scored, including (business loans, mortgage loans, and declining balance loans).

Definition of expected credit losses (ECL):

The expected credit losses represent the total amounts allocated to cover the losses resulting from the customers' failure to fulfill their obligations. This is equal to: *Exposure at Default X Probability of Default X Losses Given Default*.

Mechanism for calculating expected credit losses (ECL)

Credit Portfolio (Corporate Portfolio)

Exposure at Default (EAD):

This represents the balance of the exposure at the end of the reporting period. It includes the credit facilities within the corporate portfolio and it is divided into funded facilities, unfunded facilities, and unutilized ceilings, as for the balance subject to the calculation of expected credit losses for stage (3), represent the balance less interest in suspense and cash margins (if any).

Funded Facilities :

Two types of cash payments from customers have been approved as follows: Annuity Repayment (monthly, quarterly, and semi-annual) and bullet repayment.

Customers' cash flows are considered according to the repayment schedules and periodicity (Projected Cash Flows).

The remaining payments for credit facilities have been discounted using the Contractual Interest Rate (CIR) as an alternative to the Effective Interest Rate (EIR) and the actual maturity of the facility as stated in the original agreement.

To determine the CCF (credit conversion factor) , a study was conducted on the percentage of utilization of the ceilings of overdraft facilities and revolving loans over the last 5 years. The study concluded that the percentage of utilization of these ceilings is 38.5% for overdraft and 20.4% for revolving loans.

To calculate the balance subject to ECL calculation, the available unutilized ceiling is multiplied by the CCF and then added to the utilized balance, and compared to the utilized balance so that the higher value is taken.

The overdraft average maturity is 2.5 years, according to Basel regulations.

A risk rating of (-5) has been applied to all unrated facilities, based on the consulting company's opinion.

Unfunded Facilities:

A study was conducted on the utilization ratios of the limits of each of the guarantees and credits, where the percentage of the exploitation of the limits of the guarantees reached 36.8% and 34.2% from the limits related to credits, and the results was approved by the risk committee/executive management.

To reach the balance used for the calculation of expected credit loss, is multiplied by guarantees limits or guarantees by exploitation rate shown above and then compare it to the used balance and consider the higher value.

The interest rates for the indirect credit exposures are approved in accordance with the interest instructions for the paid guarantees and the used credits, and so the applied interest rate is as follows:

- If the payment or credit due in the foreign currency is applied, the interest rate will be at 5% and will increase to 6% if the customer fails to pay after one month of payment.
- If the payment or credit due in local currency is applied, the interest rate will be at 12% and will increase to 13% if the customer fails to pay after one month of payment.

Approved but Unutilized Ceilings:

the available unutilized ceiling is multiplied by the CCF and then added to the utilized balance, and compared to the utilized balance so that the higher value is taken.

Loss Given Default (LGD):

The LGD model has been updated through the annual review during 2020 for all IFRS9 models as follow:

- The data of collections / recoveries for the defaulted customers during the last five years (between 2015 and 2019) is gathered and analyzed to arrive to the percentages of actual given losses which reflects the Bank's ability to from principal of loans when defaulted.
- A calibration of LGD according to the historical data is performed with the macro variables that were used to form the PD to arrive to PIT LGD within normal economic conditions (assuming that the rate of collections decreases as the longer the loan in default).
- For facilities granted against cash margins, acceptable bank guarantees or securities, the values of theses collaterals are deducted from the EAD after applying certain Haircuts.

Probability of default (PD):

The probability of default (PD) has been determined through the following:

- Determining a clear definition of default which is summarized by the existence of payment dues on customer facilities for more than 90 days and/or a marked increase in risk ratings (8,9,10), in addition to any indications of the existence of customer's probability of default (PD), requiring the inclusion of some customers within the concept of "Credit Deterioration Factors", including, but not limited to:
 - Significant financial difficulties faced by the debtor such as a severe weakness in the financial statements.
 - Relinquishing part of the obligations incurred by the debtor because of the debtor's financial difficulties.
 - Non-payment of obligations on time.
 - Debtor's bankruptcy.
 - Debtor's frequent need to restructure or reschedule his obligations.
- Evaluating customer's behavior throughout the loan: using Observed Default Rates which enables the Bank to evaluate the customer's behavior through using days past due and monitor the volatility that might arise and affect the customer's commitment to pay before and after the default in one year as of the date of the conducted study.
- Determining the customer's future probability of default: using the related Macroeconomic Factors to predict the Observed Default Rates for the coming years such as (GDP, Exports, inflation, price index.....)
- Using Regression Analysis: to predict the Observed default rates for the next five years (2019-2024) through applying the linear equation ($Y = a + bX$), as:
 - Y : Dependent Variable
 - a : Intercept
 - b : Slope
 - X : Independent Variable

Noting that, multiple scenarios are yearly conducted by the consultant company to assess the compatibility of the available macro variables to arrive the suitable variable to be used in building probability of defaults.

Calibration between the predicted results and the output of internal rating of customer's risk:

A calibration is applied between the resulted predicted ODRs and PDs according to the output of internal rating of customer's risk to convert the TTC PD to PIT PD.

Credit Portfolio (Retail Portfolio)

Exposure at Default (EAD):

This term represents the balance of each sub-portfolio as at the end of the reporting period plus interest for stage (1) and (2). while for credit cards the available unutilized ceiling is multiplied by CCF and then added to the utilized balance, and compared to the utilized balance so that the higher value is taken.

Facilities were divided within each sub-portfolio into funded facilities, unutilized ceilings, and loans of more than JD 250,000.

Measuring credit risk and expected credit loss on an aggregate basis:

The Bank's policy in determining the common elements in measuring the credit risk of the retail portfolio is in line with the instructions of the Central Bank of Jordan, which indicated in one of its items the product type. Thus, the retail portfolio has been divided into five sub-portfolios, depending on their product type, as follows:

- Personal loans portfolio
- Car loans portfolio
- Real estate loans portfolio
- Credit cards portfolio
- Small enterprises portfolio (except for accounts exceeding JD 250 thousand, considered as belonging to individuals) which will be included in the Bank's financial statements at the end of the year.

Funded Facilities:

The Annuity Repayment (monthly, quarterly, and semi-annual) has been adopted.

Projected Cash Flows for each sub-portfolio are generated using based on weighted average and maturity average maturities to determine the maturity of each sub-portfolio and then amortize the remaining payments of each sub-portfolio taking into account any prepaid amount/installments.

Unutilized Ceilings:

The expected credit losses have been calculated on customers' balances in the calculation period, except for the loans treated as ceilings such as (housing loans that are disbursed in phases and cards where the expected credit losses have been calculated on the ceilings using a percentage of utilization of 54.5%).

Face value has been used for housing loans (balance plus the unutilized portion of the loans not fully disbursed, for loans where payments have been made, the balance is adopted for calculating the expected credit losses).

Loans Exceeding JD 250 thousand:

- Loans of more than JD 250 thousands have been excluded from the retail portfolio.
- The expected credit loss (ECL) is calculated in a manner similar to that applied to the corporate portfolio based on the Projected Cash Flows for each customer.
- A risk rate of (-5) has been applied. Moreover, the expected credit loss has been calculated for 12 months, or for the lifetime of the loan, based on the customer's classification (Stage I / Stage II).

Loss Given Default (LGD):

The LGD model has been updated through the annual review of 2020 for all IFRS9 models as follow:

- The data of collections / recoveries defaulted customers during the last five years (between 2015 and 2019) is gathered and analyzed to arrive to the percentages of actual given losses which reflects the Bank's collection ability from defaulted loans for each portfolio type separately.
- A calibration of LGD according to the historical data is performed with the macro variables that were used to form the PD to arrive to PIT LGD within normal economic conditions (assuming that the rate of collections decreases as the longer the loan in default) for each portfolio type separately.
- For facilities granted against cash margins, acceptable bank guarantees or securities, the values of theses collaterals are deducted from the EAD after applying certain haircuts.

Probability of Default (PD):

- Historical data has been used for five years from 2015 to 2019 for calculating the ODR at the level of each sub-portfolio.
- Macroeconomic factors were used in the same manner elaborated in corporate PD mentioned earlier to predict the ODR for the next five years, hence forecasting future probability of default for stage I and II using one set of macro variables for each pool and the using Scalar method to separate the PD of each pool between stage I and II.

Investment Portfolio

Probability of Default (PD):

The probability of default for 12 months (12-month PD) is extracted from Bloomberg system for the issuer and the country of risk, using the following functions:

- DRSK for public companies: The Accuracy Ratio is 92.43% for non-financial companies and 91.78% for financial companies.
- SRSK for countries: The Accuracy Ratio for countries is 89%.

The 12-month PDs extracted from DRSK and SRSK functions are based on structural models which take into account several variables:

- The nature of the sector, the assets growth rates, and market fluctuations when calculating PD for corporates.
- The prevailing political situation, countries' financial and economic performance, GDP growth, and non-performing loans in the banking sector, foreign currency reserves, etc. according to the forecasts of the International Monetary Fund and World Bank when determining a sovereign PD. Therefore, the PD represents the current situation (Point-in-Time PD) and reflects only the corporates PD without taking into account the country of risk factor (Standalone PD).

As a result, the PD for each issue has been adjusted by using the ceiling of the probability of risk for the country of risk at minimum for calculating PD, so that the PD of any issue will not be lower than its country of risk PD.

In order to apply the PD floor to the exposures on various banks, the following approach is adopted. If the exposure is on a foreign bank, and the exposure is in any currency other than the local currency of the foreign bank's country, then the higher PD of either the foreign bank's country or the foreign bank shall be adopted. Otherwise, if the exposure on a foreign bank is in the local currency of the bank's country, then the PD of the bank itself shall be adopted (i.e., the ceiling of the country's PD shall not be used at minimum).

When the PD results is calculated then Bloomberg system use current market information in addition to expected that reverse the average expected to expectations of the analysts in market, subsequently no need to implement analyst scenario for expected PD.

If the PD results extracted from Bloomberg system do not represent the actual reality of market expectations (i.e., the implied PD of the market derived from the Credit Default Swap "CDS" and / or the Market Asset Swap "ASW") for the issuer, the market PD obtained from a high liquidity issue / security for the same issuer shall be adopted as a representative proxy according to the procedures for evaluating the risk factor of the investment portfolio.

If the PD for the country of risk is not available, the Shadow Rating methodology prepared by the consulting company shall be adopted. On the other hand, if the PD of the issuer is not available, the PD of the country of risk shall be adopted as the issuer PD.

The Jordan PD as a country of risk is considered as the PD of the issuer in the case of placements in money market (Term Deposits) with HBTF's branches as well as subsidiaries in which the Bank owns 50% or more of their capital.

After that, the 12-month PD is adjusted to take into consideration the remaining life of exposure for any issue with a remaining maturity less than one year, according to the following equation:

$$PD_n = 1 - ((1 - PD_{12\text{-month}})^{(n/12)}) \text{ where } (n) \text{ represents the remaining life in months } (n < 12)$$

Calculating PD for Jordanian Companies in JD (if PD for the issuer is not available)

Risk rating is calculated based on Moody's Credit rating and then mapped to the relevant assigned PD.

The assigned PD represents "Through-the-Cycle (TTC)", and thus calibrated according to the methodology developed by the consulting company in order to obtain (Point-in-Time "PIT" 12-month PD).

The 12-month PD is then adjusted to take into account the remaining life of exposure for any issue with a remaining maturity less than one year, according to the above equation.

Loss Given Default (LGD):

The Recovery Rate (RR) is extracted from Bloomberg system for each issue using CDSW function, which is based on the ISDA Standard Model, where the LGD is calculated according to equation ($LGD = 1 - RR$), as in the following table:

Markets	Senior Unsecured	Subordinated
Developed markets	RR= 40%, LGD= 60%	RR= 20%, LGD= 80%
Emerging markets	RR= 25%, LGD= 75%	RR=25%, LGD= 75%

For secured securities, the Haircut-Based Approach is considered along with the limits per the IRB in order to determine the LGD (as per the procedures approved for the credit portfolio).

Exposure at Default (EAD):

EAD = Accrued Interest to Date + Present Value (Face Value + Expected 1 Year Interest)

Accrued interest to date is calculated or extracted from Bloomberg system.

The expected interest for the remaining life of exposure is calculated up to a maximum of one year using the coupon for fixed rate bonds. As for floating rate bonds that pay LIBOR plus a fixed spread, LIBOR is projected over a 1-year period and added to the fixed spread for the calculation of expected interest.

The Discount Rate used to calculate the Present Value represents the Effective Interest Rate (EIR).

Expected Credit Loss (ECL):

The expected credit loss (ECL) is calculated according to the following equation: **ECL = PD*LGD*EAD**

The expected credit loss value for off balance sheet financial derivatives is calculated by extracting the expected maximum exposure in addition to the maximum exposure time from the Bloomberg system using (SWPM) which is calculated based on the Monte Carlo model. Present Value is calculated for the peak exposure based on the following:

- The Discount Period represents the time to peak extracted from Bloomberg system.
- The Discount Rate represents the Risk-Free Rate of the currency of exposure at the time – to peak maximum to one-year limit.

The expected credit loss (ECL) is calculated according to the following equation:

ECL = PD*LGD*Peak Exposure (EAD).

Key macroeconomic factors used by the Bank in calculating expected credit losses (ECL)

Corporate portfolio

Portfolio	Macroeconomic Factor
Large Corporates	- Industrial Production – Rate of change Lag 4.
	- Volume of imports of goods and services (Percentage Change) – 3-quarter moving average Lag 4.
	- Total investment – Rate of Growth (Percentage of GDP) Lag 2.
Medium Enterprises	- Volume of imports of goods and services (Percentage Change).
	- Volume of exports of goods (Percentage Change) 6-quarter moving average Lag 4.

Retail portfolio

Pool Name	Stage I	Stage II
Cars/Vehicles Loan	- Volume of exports of goods (Percentage Change) 6-quarter moving average Lag 3.	- Volume of exports of goods (Percentage Change) 6-quarter moving average Lag 3.
Mortgage Loan	- Volume of exports of goods (Percentage Change) 6-quarter moving average Lag 1. - Industrial Production Index Lag 3.	- GDP Annual Growth Lag 1. - Volume of exports of goods (Percentage Change) 6-quarter moving average Lag 3. - Government Revenue Lag 1.
Personal Loan	- Ease of Doing Business – 6-quarter moving average. - Industrial Production Index – 3- quarter moving average Lag 3.	- GDP Annual Growth Lag 1.
Small Business	- Volume of exports of goods (Percentage Change) 3-quarter moving average Lag 2.	- GDP Annual Growth – 3-quarter moving average Lag 1.

Determinants of the significant change in the credit risk adopted by the Bank in the calculation of ECL Credit portfolio

Classification	Standards
Stage I:	<p>Accounts for which there has been no significant increase in credit risk or default indicators, as follows:</p> <ul style="list-style-type: none"> - Performing accounts for which there are no dues or have dues less than 35 days.
Stage II:	<p>Accounts whose credit risk has significantly increased and have signs of default, as follows:</p> <ul style="list-style-type: none"> - Accounts with dues more than 35 days and less than 90 days. - Accounts with two restrictions. - Accounts classified as watch list. - Any accounts that require classification at this stage according to the directives of Management and the regulatory bodies.
Stage III:	<p>Accounts that have become in default, as follows:</p> <ul style="list-style-type: none"> - All non-performing loans and facilities according to the definition of non-performing loans mentioned in the Central Bank of Jordan regulations No. 47/2009 dated 10/12/2009, which are 90 days or more past due. - Accounts whose risk rating is (8, 9, 10) according to the Bank's credit rating. - Accounts with a scheduling flag.

The standard also states that if the quality of credit has improved, and sufficient and documented reasons are available to make it possible to transfer credit claims from stage III to stage II or from stage II to stage I, the transfer process must take place after verifying the improvement of the credit status of the claim and the commitment to repay three monthly installments, two quarterly installments or a semi-annual installment on time, so that the early payment of installments for the purpose of transferring debt to a better stage is not considered. For example, if an account is classified within stage III and the account is scheduled, the account must remain within stage III for three monthly installments, two quarterly installments, or one annual installment according to the repayment cycle of this facility before being transferred to stage II.

Investment portfolio

Financial Instrument	Standards
Investment Grade Instruments	<ul style="list-style-type: none"> - The credit rating of the instrument at the reporting date is downgraded by two notches below the investment grade since origination (BB); or - (The Implied Rating / 1-year Default Risk Rating) at the reporting date is downgraded to more than two notches below the investment grade since the date of the previous report (less than HY2 according to Bloomberg system).
High Yield Instruments	<ul style="list-style-type: none"> - The credit rating of the instrument at the reporting date is downgraded by two notches below its credit rating at the date of purchase; or - (The Implied Rating / 1-year Default Risk Rating) is downgraded by two notches below its implied rating since the date of the previous report.
Unrated Instruments	<ul style="list-style-type: none"> - According to Moody's Credit rating, the financial instrument is considered to be in stage II if its rating declines by more than 2 notches since origination.

Governance of the application of IFRS requirements

Board of Directors

Providing appropriate governance structure and procedures to ensure the proper application of the standard by defining the roles of the committees and departments at the Bank; ensuring work integrity among them; and providing appropriate infrastructure in accordance with Central Bank of Jordan regulations and the standards related to the accounting standard.

Approving any amendments to the results and outputs of the systems regarding the calculation and measurement of ECL and the variables to be calculated.

Implementing business models through specifying the objectives and rules of classification of financial instruments, in order to ensure integration with other business requirements.

Ensuring that the Bank's control units, specifically risk management and internal audit, perform all the work required to verify the validity and integrity of the methodologies and systems used in the application of IFRS 9 and providing the required support to these control units.

Approving the final results of ECL calculation.

Risk Management Committee / Board of Directors

- Reviewing the Bank's risk management framework for the calculation of ECL.
- Reviewing the Bank's risk management strategy before it is approved by the Board.
- Supervising the efficiency and effectiveness of the calculation of ECL.

Audit Committee:

- Verifying the adequacy of ECL / general bank risk reserve / provision for impairment of credit facilities provided by the Bank and ensuring their adequacy in all financial statements.

Risk Department:

- Developing a clear framework for ECL calculation.
- Reviewing the internal credit rating systems and the framework on an annual basis to keep abreast of any changes to the bases used in the calculation to ensure the accuracy of results.
- Calculating the ECL, classifying the customers according to the three stages on a quarterly basis in accordance with the accounting standard requirements and CBJ regulations, and informing the Executive Management Risk Committee of the calculation results.
- Making the necessary recommendations to the Executive Management Risk Committee regarding the customers whose classifications have been changed because of override.
- Developing the indicators that contribute to monitoring the signs of credit default for customers to enhance the forward-looking principle regarding the assessment of credit risks and losses.
- Preparing the statements required by the Central Bank in cooperation with the concerned departments.
- Reviewing and approving the risk parameters in accordance with the approved policy and methodology.

Incorporation of forward-looking information

The Management uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL. The Bank uses external and internal information to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies and monetary authorities.

The Bank's Management applies probabilities to the forecast scenarios identified. The base case scenario is the single most-likely outcome and consists of information used by the Bank for strategic planning and budgeting. The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using a statistical analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

The Bank redeveloped macroeconomic models to address the deficiencies identified in the existing models. Using robust macroeconomic modelling methodology, Group identified and documented the key macroeconomic factors that drives the change in default rates of both portfolio direct and indirect credit facilities. Following macroeconomic data and forecasts published by governmental bodies and monetary authorities such as the Central Bank of Jordan, IMF, and World Bank have been utilized by the Group to incorporate forward-looking information into the PD term structure of each of the scenario.

Predicted relationships between the key macroeconomic indicators and default rates of respective portfolios of financial assets have been developed based on analyzing historical data over the past 5 years. Models are reviewed and monitored for appropriateness at the end of each reporting period.

The table below summarizes the principal macroeconomic indicators included in the economic scenarios used at December 31, 2020 for the years 2020 to 2024, for Jordan, which is the country where the Bank operates and therefore is the country that has a material impact on ECL.

	2020	2021	2022	2023	2024
<u>Growth in national exports</u>					
Base scenario	9.3%	3.1%	(1.4%)	3.8%	4.1%
Adverse scenario	4.7%	(1.4%)	(6.07%)	(0.7%)	(0.4%)
Positive scenario	13.9%	7.7%	3.1%	8.4%	8.7%
<u>Change in gross domestic product</u>					
Base scenario	0.49%	(%0.61)	%1.07	%1.16	%1.06
Adverse scenario	0.31%	(%0.79)	%0.89	%0.98	%0.88
Positive scenario	0.67%	(%0.43)	%1.25	%1.34	%1.24
<u>Change in Balance of payments</u>					
Base scenario	%0.31	(%0.02)	(%0.08)	%0.01	(%0.02)
Adverse scenario	%0.16	(%0.17)	(%0.22)	(%0.13)	(%0.17)
Positive scenario	%0.45	%0.12	%0.07	%0.16	%0.12

The table below outlines the sensitivity analysis on how ECL will change if the key macroeconomic indicators used to calculate ECL change by 5% for the year 2020:

	Direct Credit Facilities	Indirect Credit Facilities (Contingent Liabilities)
	JD	JD
<u>Growth in national exports</u>		
+5%	(4,294,081)	(2,216,910)
-5%	4,294,081	2,216,910
<u>Change in gross domestic product</u>		
+5%	(813,465)	(35,531)
-5%	813,465	35,531
<u>Change in Balance of payments</u>		
+5%	(790,235)	(2,203)
-5%	790,235	2,203

Collateral held as security and other credit enhancements

The Bank holds collateral or other credit enhancements to mitigate credit risk associated with financial assets. The estimated value of collaterals held at end of the reporting period is JD 4,686,839,700 as of December 31, 2020 (JD 4,743,919,094 as of December 31, 2019). This value of the collateral is only considered to the extent that mitigates the credit risk. There was no change in the Bank's collateral policy during the year. The main types of collateral and the types of assets these are associated with are listed below:

For the Year 2020		Collateral Fair Value									
	Total Exposure Value	Cash Margin	Equity Shares	Accepted Bank Grantee	Real Estate	Vehicles	Jordanian government	Others	Total Collateral Value	Net Exposure	Expected Credit Loss
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	1,003,740,853	-	-	-	-	-	-	-	-	1,003,740,853	40,992
Balances at banks and financial institutions	360,745,243	-	-	-	-	-	-	-	-	360,745,243	112,936
Deposits at banks and financial institutions	53,917,617	-	-	-	-	-	-	-	-	53,917,617	235,754
Credit facilities at amortized cost:											
Individual	862,127,549	45,363,133	4,283,659	-	69,560,076	42,292,127	-	4,635,101	166,134,096	695,993,453	36,517,290
Real estate mortgages	1,258,978,371	1,727,716	-	-	1,195,081,234	349,039	-	-	1,197,157,989	61,820,382	129,214,695
Large corporates	1,510,602,039	105,983,525	79,382,319	13,783,468	219,923,779	37,855,971	45,637,938	1,794,121	504,361,121	1,006,240,918	217,494,102
SME's	313,441,650	26,400,440	-	9,333,138	122,666,261	6,331,529	-	26,505,744	191,237,112	122,204,538	47,931,630
Government and Public Sector	577,933,242	-	-	-	12,298,067	-	334,811,146	79,898,721	427,007,934	150,925,308	74,404
Direct credit facilities at fair value through the profit or loss:											
Large corporates	130,690,360	-	-	-	-	-	130,690,360	-	130,690,360	-	-
Bonds and bills											
<u>Within:</u> Financial assets at fair value through other comprehensive income	346,259,956	-	-	-	-	-	170,277,249	-	170,277,249	175,982,707	507,262
<u>Within:</u> Financial assets at amortized cost	1,839,019,927	-	-	-	-	-	1,649,290,934	-	1,649,290,934	189,728,993	5,177,632
Total	8,257,456,807	179,474,814	83,665,978	23,116,606	1,619,529,417	86,828,666	2,330,707,627	112,833,687	4,436,156,795	3,821,300,012	437,306,697
Items Off-statement of Financial Position											
Letter of guarantees	375,444,423	50,034,720	-	30,247,839	15,675,408	36,300	-	3,963,049	99,957,316	275,487,107	28,228,096
Letter of credit	356,828,408	53,770,516	100,034	-	4,572,840	-	92,170,000	112,199	150,725,589	206,102,819	6,218,476
Other	87,477,895	-	-	-	-	-	-	-	-	87,477,895	1,433,576
Total	9,077,207,533	283,280,050	83,766,012	53,364,445	1,639,777,665	86,864,966	2,422,877,627	116,908,935	4,686,839,700	4,390,367,833	473,186,845

For the Year 2019

For the Year 2019		Collateral Fair Value									
	Total Exposure Value	Cash Margin	Equity Shares	Accepted Bank Grantee	Real Estate	Vehicles	Jordanian government	Others	Total Collateral Value	Net Exposure	Expected Credit Loss
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	967,954,968	-	-	-	-	-	-	-	-	967,954,968	23,353
Balances at banks and financial institutions	452,733,115	-	-	-	-	-	-	-	-	452,733,115	217,434
Deposits at banks and financial institutions	56,491,789	-	-	-	-	-	-	-	-	56,491,789	194,940
Credit facilities at amortized cost:											
Individual	799,802,800	37,512,985	3,802,118	-	65,018,645	39,721,222	-	7,144,041	153,199,011	646,603,789	40,543,847
Real estate mortgages	1,217,404,841	1,470,644	-	-	1,138,606,984	30,120	-	-	1,140,107,748	77,297,093	74,880,894
Large corporates	1,543,668,041	99,344,000	54,907,498	15,787,893	235,838,165	32,679,112	174,537,384	-	613,094,052	930,573,989	178,484,965
SME's	306,909,332	28,156,262	-	10,834,708	133,274,792	8,762,676	-	3,606,912	184,635,350	122,273,982	39,280,368
Government and Public Sector	730,959,320	-	-	-	10,775,795	-	480,738,905	69,147,057	560,661,757	170,297,563	417,669
Bonds and bills											
Within: Financial assets at fair value through other comprehensive income	363,199,543	-	-	-	-	-	157,903,675	-	157,903,675	205,295,868	374,008
Within: Financial assets at amortized cost	1,829,801,576	-	-	-	-	-	1,672,378,045	-	1,672,378,045	157,423,531	3,177,625
Total	8,268,925,325	166,483,891	58,709,616	26,622,601	1,583,514,381	81,193,130	2,485,558,009	79,898,010	4,481,979,638	3,786,945,687	337,595,103
Items Off-statement of Financial Position											
Letter of guarantees	397,801,103	51,686,077	-	45,644,498	18,444,327	39,511	-	5,722,579	121,536,992	276,264,111	27,781,652
Letter of credit	377,116,403	64,813,678	495,600	-	518,900	43,407	74,445,000	85,879	140,402,464	236,713,939	3,689,246
Other	107,774,968	-	-	-	-	-	-	-	-	107,774,968	586,454
Total	9,151,617,799	282,983,646	59,205,216	72,267,099	1,602,477,608	81,276,048	2,560,003,009	85,706,468	4,743,919,094	4,407,698,705	369,652,455

1 - Credit Exposures Distributions

2020

Internal Rating for the Bank	Category Classification According to (2009/47)	Total Exposure Value	Expected Credit Loss	Probability of Default	Exposure at Default	Average Loss on Default
		JD	JD	%	JD	%
1	Performing Loans	512,518,137	22,354	%0.06	520,552,420	%46.0
2	Performing Loans	2,249,342	1,108	%0.11	2,249,342	%46.9
+2	Performing Loans	8,018,839	2,145	%0.09	8,414,230	%27.1
-2	Performing Loans	57,675,367	32,525	%0.16	65,113,553	%54.4
3	Performing Loans	36,772,952	78,397	%0.36	39,209,646	%45.3
-3	Performing Loans	214,935,275	263,198	%0.41	230,452,142	%52.1
+3	Performing Loans	124,310,219	240,750	%0.31	134,675,224	%56.5
4	Performing Loans	156,148,039	3,813,168	%2.99	166,032,365	%42.0
-4	Performing Loans	92,659,319	6,385,465	%15.48	95,075,951	%48.0
+4	Performing Loans	96,683,825	820,700	%1.42	102,524,907	%56.3
5	Performing Loans	270,991,345	4,470,404	%4.19	279,882,798	%41.6
-5	Performing Loans	184,706,321	9,709,456	%7.25	143,760,156	%51.0
+5	Performing Loans	215,868,560	14,083,121	%6.03	267,997,830	%52.3
6	Performing Loans	97,053,638	2,764,897	%9.93	100,264,379	%54.4
-6	Performing Loans	138,415,750	19,609,745	%32.14	140,220,187	%54.1
+6	Performing Loans	92,786,485	39,695,705	%19.24	93,823,633	%54.0
7	Performing Loans	80,198,302	26,476,967	%51.8	80,519,216	%52.7
-7	Performing Loans	82,659,441	25,604,374	%59.51	82,692,620	%52.7
+7	Performing Loans	84,657,528	36,877,340	%46.03	84,016,822	%56.6
Unrated	Performing Loans	1,737,244,482	38,595,391	%14.7	1,776,491,565	%52.3
		4,286,553,166	229,547,210		4,413,968,986	
8	Substandard Debt	15,764,739	10,119,629	%100	15,569,435	%56.3
Unrated	Substandard Debt	4,709,470	1,719,535	%100	4,376,812	%51.0
9	Doubtful Debts	30,492,143	21,399,630	%100	29,059,690	%68.0
Unrated	Doubtful Debts	8,805,192	2,871,802	%100	7,978,527	%52.1
10	Bad Loans	195,343,817	94,808,438	%100	134,208,595	%57.8
Unrated	Bad Loans	112,104,684	70,765,877	%100	83,489,866	%56.3
		367,220,045	201,684,911		274,682,925	
Total		4,653,773,211	431,232,121		4,688,651,911	

The above exposures are not rated by external rating institutions.

2019

Internal Rating for the Bank	Category Classification According to (2009/47)	Total Exposure Value	Expected Credit Loss	Probability of Default	Exposure at Default	Average Loss on Default
		JD	JD	%	JD	%
1	Performing Loans	630,563,639	6,746	0.01%	646,218,392	45.00%
2	Performing Loans	7,604,442	673	0.03%	7,917,464	43.68%
-2	Performing Loans	22,487,486	8,408	0.08%	24,544,225	45.10%
+2	Performing Loans	4,297,609	419	0.04%	5,238,151	29.28%
3	Performing Loans	163,364,354	66,513	0.11%	186,791,124	42.77%
-3	Performing Loans	32,051,331	31,234	0.28%	37,983,014	41.30%
+3	Performing Loans	81,156,763	31,523	0.08%	93,938,968	44.18%
4	Performing Loans	88,520,143	1,417,177	2.89%	118,147,035	39.41%
-4	Performing Loans	78,426,903	356,402	1.48%	111,841,164	44.43%
+4	Performing Loans	49,124,730	558,626	1.80%	66,464,831	42.11%
5	Performing Loans	85,583,573	923,150	2.35%	107,969,893	41.12%
-5	Performing Loans	453,693,287	8,906,928	6.68%	487,812,188	37.14%
+5	Performing Loans	97,983,560	883,914	1.74%	118,819,507	41.62%
6	Performing Loans	49,624,583	2,016,421	8.73%	51,819,992	40.45%
-6	Performing Loans	251,107,894	22,859,905	14.02%	269,163,154	42.07%
+6	Performing Loans	64,789,485	1,078,376	3.63%	70,944,418	50.91%
7	Performing Loans	88,679,680	37,050,951	27.69%	96,669,620	40.72%
-7	Performing Loans	88,352,423	28,297,354	58.78%	92,884,626	50.03%
+7	Performing Loans	14,522,190	707,966	17.86%	16,415,515	27.57%
Unrated	Performing Loans	1,902,504,699	32,830,414	51.00%	1,967,291,984	51.00%
		4,254,438,774	138,033,100		4,578,875,265	
8	Substandard Debt	5,015,669	2,779,749	100%	4,946,964	56.32%
Unrated	Substandard Debt	14,697,107	6,239,693	100%	14,339,290	68.37%
9	Doubtful Debts	16,277,459	10,014,780	100%	15,334,945	56.76%
Unrated	Doubtful Debts	29,183,895	16,502,165	100%	27,524,236	69.47%
10	Bad Loans	163,664,090	79,029,702	100%	107,558,458	59.49%
Unrated	Bad Loans	115,467,423	81,008,554	100%	73,105,808	70.96%
		344,305,643	195,574,643		242,809,701	
Total		4,598,744,417	333,607,743		4,821,684,966	

2. Credit risk according to economic sectors:

a. Distributions according to financial instruments exposure:

	2020									
	Financial	Industrial	Trading	Real Estate	Agriculture	Equities	Individuals	Government and Public	Other	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	-	-	-	-	-	-	-	1,003,699,861	-	1,003,699,861
Balances at banks and financial institutions	360,632,307	-	-	-	-	-	-	-	-	360,632,307
Deposits at banks and financial institutions	53,681,863	-	-	-	-	-	-	-	-	53,681,863
Credit facilities at amortized cost	168,719,520	372,412,409	455,210,139	1,143,790,110	19,282,276	3,817,709	812,883,700	577,866,106	422,761,803	3,976,743,772
Credit facilities at fair value through profit or loss	-	130,690,360	-	-	-	-	-	-	-	130,690,360
Bonds and bills:										
Within: Financial assets at fair value through other comprehensive income	87,619,567	-	-	-	-	-	-	249,319,230	8,813,897	345,752,694
Within: Financial assets at amortized cost	149,812,336	-	-	-	-	-	-	1,673,521,275	10,508,684	1,833,842,295
Total for the Year	820,465,593	503,102,769	455,210,139	1,143,790,110	19,282,276	3,817,709	812,883,700	3,504,406,472	442,084,384	7,705,043,152
Letter of guarantees	-	-	347,216,327	-	-	-	-	-	-	347,216,327
Letter of credit	-	-	350,609,932	-	-	-	-	-	-	350,609,932
Other liabilities	-	-	86,044,319	-	-	-	-	-	-	86,044,319
Total	820,465,593	503,102,769	1,239,080,717	1,143,790,110	19,282,276	3,817,709	812,883,700	3,504,406,472	442,084,384	8,488,913,730
	2019									
	Financial	Industrial	Trading	Real Estate	Agriculture	Equities	Individuals	Government and Public	Other	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	-	-	-	-	-	-	-	967,931,615	-	967,931,615
Balances at banks and financial institutions	452,515,681	-	-	-	-	-	-	-	-	452,515,681
Deposits at banks and financial institutions	56,296,849	-	-	-	-	-	-	-	-	56,296,849
Credit facilities	128,097,048	526,338,498	462,089,155	1,113,895,128	15,342,153	3,309,671	773,084,748	730,943,809	405,720,795	4,158,821,005
Bonds and bills:										
Within: Financial assets at fair value through other comprehensive income	106,946,963	-	8,259,987	-	-	-	-	247,618,585	-	362,825,535
Within: Financial assets at amortized cost	7,078,246	-	8,699,653	-	-	-	-	1,810,846,052	-	1,826,623,951
Total for the Year	750,934,787	526,338,498	479,048,795	1,113,895,128	15,342,153	3,309,671	773,084,748	3,757,340,061	405,720,795	7,825,014,636
Letter of guarantees	-	-	370,019,451	-	-	-	-	-	-	370,019,451
Letter of credit	-	-	373,427,157	-	-	-	-	-	-	373,427,157
Other liabilities	-	-	107,188,514	-	-	-	-	-	-	107,188,514
Total	750,934,787	526,338,498	1,329,683,917	1,113,895,128	15,342,153	3,309,671	773,084,748	3,757,340,061	405,720,795	8,675,649,758

b. Distribution of exposures according to staging (IFRS 9):

Item	2020					
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Financial	805,466,090	3,666,907	8,340,638	377,586	2,614,372	820,465,593
Industrial	424,034,472	15,717,418	41,075,632	5,064,594	17,210,653	503,102,769
Trading	1,011,588,570	106,746,501	84,152,688	20,809,681	15,783,277	1,239,080,717
Real-estate	202,832,477	824,782,937	50,495,324	34,294,264	31,385,108	1,143,790,110
Agriculture	9,318,108	515,219	8,727,690	127,891	593,368	19,282,276
Equity	-	2,537,874	-	-	1,279,835	3,817,709
Individual	64,632,159	709,550,689	4,300,192	19,830,883	14,569,777	812,883,700
Government and public sector	3,504,406,472	-	-	-	-	3,504,406,472
Other	376,267,730	6,502,891	50,219,617	867,139	8,227,007	442,084,384
Total	6,398,546,078	1,670,020,436	247,311,781	81,372,038	91,663,397	8,488,913,730

Item	2019					
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Financial	743,430,178	977,953	6,210,546	127	315,983	750,934,787
Industrial	323,592,290	148,109,100	45,990,471	1,644,548	7,002,089	526,338,498
Trading	965,321,892	234,406,489	83,535,600	29,002,858	17,417,078	1,329,683,917
Real-estate	161,991,934	818,870,308	67,081,383	42,529,969	23,421,534	1,113,895,128
Agriculture	10,904,937	389,432	3,550,034	46,439	451,311	15,342,153
Equity	-	2,600,483	-	-	709,188	3,309,671
Individual	63,341,799	677,567,506	1,886,478	20,999,953	9,289,012	773,084,748
Government and public sector	3,746,614,106	29	10,725,926	-	-	3,757,340,061
Other	311,689,023	5,196,803	61,506,032	17,366,725	9,962,212	405,720,795
Total	6,326,886,159	1,888,118,103	280,486,470	111,590,619	68,568,407	8,675,649,758

3. Exposure distribution according to geographical distribution

a. Total exposure distribution according to geographic region:

2020								
	Inside Jordan	Other Middle Eastern Countries	Europe	Asia	Africa	America	Other Countries	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	576,189,171	162,285,703	-	-	265,224,987	-	-	1,003,699,861
Balances at banks and financial institutions	60,106,977	55,593,373	109,136,055	5,255,124	23,003,113	107,537,665	-	360,632,307
Deposits at banks and financial institutions	29,989,793	18,753,915	4,938,155	-	-	-	-	53,681,863
Credit facilities at amortized cost	3,336,831,523	247,208,541	201,330,494	-	191,373,214	-	-	3,976,743,772
Credit facilities at fair value through profit or loss	130,690,360	-	-	-	-	-	-	130,690,360
Bonds and bills:								
Within: Financial assets at fair value through other comprehensive income	169,710,467	30,170,011	41,572,577	20,669,025	13,247,205	70,383,409	-	345,752,694
Within: Financial assets at amortized cost	1,791,990,337	23,520,720	7,065,571	3,814,115	-	3,548,811	3,902,741	1,833,842,295
Total for the year	6,095,508,628	537,532,263	364,042,852	29,738,264	492,848,519	181,469,885	3,902,741	7,705,043,152
Letter of guarantees	269,637,727	32,510,112	15,573,134	197,225	29,298,129	-	-	347,216,327
Letter of credit	300,061,458	6,247,491	3,653,105	3,112,264	36,650,152	885,462	-	350,609,932
Other liabilities	50,202,078	-	35,842,241	-	-	-	-	86,044,319
Total	6,715,409,891	576,289,866	419,111,332	33,047,753	558,796,800	182,355,347	3,902,741	8,488,913,730
2019								
	Inside Jordan	Other Middle Eastern Countries	Europe	Asia	Africa	America	Other Countries	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	538,781,004	175,488,998	-	-	253,661,613	-	-	967,931,615
Balances at banks and financial institutions	120,313,689	79,743,391	124,209,348	5,428,955	278,579	121,549,780	991,939	452,515,681
Deposits at banks and financial institutions	30,189,522	3,973,369	22,133,958	-	-	-	-	56,296,849
Credit facilities	3,841,249,727	175,446,753	142,124,525	-	-	-	-	4,158,821,005
Bonds and bills:								
Within: Financial assets through profit and loss	-	-	-	-	-	-	-	-
Within: Financial assets at fair value through other comprehensive income	158,056,419	32,500,614	42,938,271	18,006,690	14,168,270	85,696,640	11,458,631	362,825,535
Within: Financial assets at amortized cost	1,753,274,119	58,574,260	5,180,360	5,636,247	-	3,958,965	-	1,826,623,951
Total for the year	6,441,864,480	525,727,385	336,586,462	29,071,892	268,108,462	211,205,385	12,450,570	7,825,014,636
Letter of guarantees	339,534,150	11,444,267	6,213,775	181,092	12,646,167	-	-	370,019,451
Letter of credit	352,993,590	13,585,400	3,738,823	1,046,176	708,422	1,354,746	-	373,427,157
Other liabilities	70,891,644	-	36,296,870	-	-	-	-	107,188,514
Total	7,205,283,864	550,757,052	382,835,930	30,299,160	281,463,051	212,560,131	12,450,570	8,675,649,758

b. Exposure distribution according to staging (IFRS 9):

2020						
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Inside Jordan	4,937,312,426	1,433,086,095	174,515,967	52,794,352	117,701,051	6,715,409,891
Other Middle Eastern countries	521,163,503	29,345,600	29,142,228	26,849,918	(30,211,383)	576,289,866
Europe	203,188,834	207,211,239	6,034,583	1,662,756	1,013,920	419,111,332
Asia	32,296,865	132,908	553,336	64,049	595	33,047,753
Africa	518,483,883	244,594	36,908,239	963	3,159,121	558,796,800
America	182,197,826	-	157,428	-	93	182,355,347
Other countries	3,902,741	-	-	-	-	3,902,741
Total	6,398,546,078	1,670,020,436	247,311,781	81,372,038	91,663,397	8,488,913,730

2019						
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Inside Jordan	5,014,634,219	1,820,469,691	196,990,180	111,590,619	61,599,155	7,205,283,864
Other Middle Eastern countries	476,768,148	6,281,911	64,756,534	-	2,950,459	550,757,052
Europe	319,194,900	53,816,135	5,911,610	-	3,913,285	382,835,930
Asia	30,118,068	-	181,092	-	-	30,299,160
Africa	268,815,997	-	12,647,054	-	-	281,463,051
America	212,560,131	-	-	-	-	212,560,131
Other countries	4,794,696	7,550,366	-	-	105,508	12,450,570
Total	6,326,886,159	1,888,118,103	280,486,470	111,590,619	68,568,407	8,675,649,758

4. Credit exposures that have been reclassified:

a. Total credit exposures that have been reclassified:

		2020					
		Stage (2)		Stage (3)			
		Total Exposures	Exposures that have been Reclassified	Total Exposures	Exposures that have been Reclassified		
		Amount	JD	Amount	JD	JD	%
Credit facilities	433,320,701	113,591,647	439,715,239	73,619,472	187,211,119	4.0%	
Bonds and bills:	-	-	3,000,001	-	-	-	
Within: Financial assets at amortized cost	-	-	3,000,001	-	-	-	
Total	433,320,701	113,591,647	442,715,240	73,619,472	187,211,119	2.3%	
Letter of guarantees	37,683,692	10,872,098	18,987,615	5,399,906	16,272,004	4.3%	
Letter of credit	5,511,805	-	39,872	-	-	0.0%	
Other liabilities	1,073,705	329,577	-	-	329,577	0.4%	
Total	44,269,202	11,201,675	19,027,487	5,399,906	16,601,581	2.0%	
Net Total	477,589,903	124,793,322	461,742,727	79,019,378	203,812,700	2.2%	
2019							
		Stage (2)		Stage (3)			
		Total Exposures	Exposures that have been Reclassified	Total Exposures	Exposures that have been Reclassified		
		Amount	JD	Amount	JD	JD	%
		Credit facilities	446,155,947	157,407,802	387,724,773	123,223,575	280,631,377
Bonds and bills:	10,768,285	-	3,000,000	-	-	-	
Within: Financial assets at fair value through other comprehensive income	10,768,285	-	-	-	-	-	
Within: Financial assets at amortized cost	-	-	3,000,000	-	-	-	
Total	456,924,232	157,407,802	390,724,773	123,223,575	280,631,377	3.00%	
Letter of guarantees	32,779,681	2,727,401	19,706,566	2,617,373	5,344,774	1.00%	
Letter of credit	3,640,513	551,873	39,487	-	551,873	0.00%	
Other liabilities	92,525	10,596	-	-	10,596	0.00%	
Total	36,512,719	3,289,870	19,746,053	2,617,373	5,907,243	1.00%	
Net Total	493,436,951	160,697,672	410,470,826	125,840,948	286,538,620	3.00%	

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

			2020					
Exposures that have been Reclassified			Expected Credit Loss due to Reclassified Exposures					
Exposures Reclassified from Stage (2)	Exposures Reclassified from Stage (3)	Total	Stage (2)		Stage (3)		Total	
JD	JD	JD	Individual JD	Collective JD	Individual JD	Collective JD	JD	
Credit facilities	113,591,647	73,619,472	187,211,119	2,169,161	4,791,619	13,370,002	-	20,330,782
Total	113,591,647	73,619,472	187,211,119	2,169,161	4,791,619	13,370,002	-	20,330,782
Letter of guarantees	10,872,098	5,399,906	16,272,004	390,389	442,259	1,767,481	-	2,600,129
Letter of credit	-	-	-	195,203	-	-	-	195,203
Other liabilities	329,577	-	329,577	245	68	-	-	313
Total	11,201,675	5,399,906	16,601,581	585,837	442,327	1,767,481	-	2,795,645
Net Total	124,793,322	79,019,378	203,812,700	2,754,998	5,233,946	15,137,483	-	23,126,427

			2019					
Exposures that have been Reclassified			Expected Credit Loss due to Reclassified Exposures					
Exposures Reclassified from Stage (2)	Exposures Reclassified from Stage (3)	Total	Stage (2)		Stage (3)		Total	
JD	JD	JD	Individual JD	Collective JD	Individual JD	Collective JD	JD	
Credit facilities	157,407,802	123,223,575	280,631,377	2,019,840	3,330,838	15,422,388	-	20,773,066
Total	157,407,802	123,223,575	280,631,377	2,019,840	3,330,838	15,422,388	-	20,773,066
Letter of guarantees	2,727,401	2,617,373	5,344,774	53,198	351,805	73,213	-	478,216
Letter of credit	551,873	-	551,873	-	42,240	-	-	42,240
Other liabilities	10,596	-	10,596	27	-	-	-	27
Total	3,289,870	2,617,373	5,907,243	53,225	394,045	73,213	-	520,483
Net Total	160,697,672	125,840,948	286,538,620	2,073,065	3,724,883	15,495,601	-	21,293,549

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

	December 31,	
	2020	2019
	JD	JD
Financial Position Items		
Balances at central banks	1,003,699,861	967,931,615
Balances at banks and financial institutions	360,632,307	452,515,681
Deposits at banks and financial institutions	53,681,863	56,296,849
Credit facilities:		
Individual	800,700,082	738,480,562
Real estate mortgages	1,110,375,935	1,125,714,864
Corporates		
Large corporates	1,249,417,371	1,319,568,990
SME's	238,391,546	244,514,938
Government and Public Sector	577,858,838	730,541,651
Direct credit facilities at fair value through profit or loss:		
Large corporates	130,690,360	-
Bonds and bills		
<u>Within:</u> Financial assets at amortized cost	1,833,842,295	1,826,623,951
<u>Within:</u> Financial assets at fair value through other comprehensive income	345,752,694	362,825,535
Total	7,705,043,152	7,825,014,636
Items Off-statement of Financial Position		
Letter of guarantees	350,609,932	373,427,157
Letter of credit	347,216,327	370,019,451
Un-utilized facilities ceilings	86,044,319	107,188,514
Total	783,870,578	850,635,122
Net Total	8,488,913,730	8,675,649,758

The above table represents the maximum credit exposure of the Bank as of December 31, 2020 and 2019 without taking into account collateral or other credit risk mitigators.

The relative distribution of exposures is as follows:

- 16.7% of total exposures are due to balances with central banks and banks and financial institutions (2019: 17.02%).
- 48.4% of the total exposure is due to loans and advances (2019: 47.99%).
- 25.7% of the total exposure resulted from investments in bonds, debentures, and funds (2019: 25.24%).
- 9.2% of total exposure resulted from off-balance sheet items and other items (2019: 9.8%).

Modified financial assets

Scheduled Debts:

These represent loans previously classified as non-performing and classified to under watch list or transferred to performing according to proper rescheduling. These loans amounted to JD 51.7 million as of December 31, 2020 (JD 57.3 million as of December 31, 2019).

Restructured Debts:

Restructuring means re-arranging the status of operating credit facilities in terms of adjusting the premiums, prolonging the life of the credit facilities, postponing some of the installments or extending the grace period based on customer cash flows and helping them meet their obligations towards the Bank. The value of these loans amounted to about JD 255.7 million in 2020 against JD 395.5 million at the end of the previous year.

The following tables refer to modified financial assets where modification does not result in derecognition:

	2020 JD	2019 JD
Financial assets (with ECL allowance based on lifetime ECL) modified during the period		
Gross carrying amount before modification	307,419,716	452,716,799
ECL allowance before modification	(23,124,555)	(49,016,898)
Net amortized cost before modification	284,295,161	403,699,901
Net modification gain/(loss)	(27,070,052)	(15,378,975)
Net amortized cost after modification	257,225,109	388,320,926
	2020 JD	2019 JD
Financial assets modified since initial recognition at a time when ECL allowance was based on lifetime ECL		
Gross carrying amount of financial assets for which loss allowance has changed in the period from lifetime to 12-month ECL cost after modification	60,076,833	93,770,611
	60,076,833	93,770,611

6. Debt Securities and Treasury Bills:

The following table shows the classifications of bonds and bills according to external rating institutions (S&P Classification Corporation):

2020				
Classification grade	Within specific financial assets at fair value through profit or loss statement JD	Among other financial assets through the statement of comprehensive income JD	Among other financial assets at amortized cost JD	Total JD
AA	-	8,127,101	-	8,127,101
AA-	-	2,214,714	-	2,214,714
A+	-	11,708,341	-	11,708,341
A	-	12,543,243	4,496,606	17,039,849
A-	-	23,711,422	9,593,049	33,304,471
BBB+	-	35,693,621	1,769,389	37,463,010
BBB	-	12,152,126	3,516,719	15,668,845
BBB-	-	1,416,782	-	1,416,782
B	-	9,737,804	-	9,737,804
Unclassified	-	-	140,933,438	140,933,438
Governmental or guaranteed by the government	-	228,447,540	1,673,533,094	1,901,980,634
Total	-	345,752,694	1,833,842,295	2,179,594,989
2019				
Classification grade	Within specific financial assets at fair value through profit or loss statement JD	Among other financial assets through the statement of comprehensive income JD	Among other financial assets at amortized cost JD	Total JD
AAA	-	41,986,230	-	41,986,230
AA	-	14,327,072	-	14,327,072
AA-	-	5,786,632	-	5,786,632
A+	-	11,152,097	-	11,152,097
A	-	14,381,135	4,499,044	18,880,179
A-	-	37,678,442	7,796,730	45,475,172
BBB+	-	32,930,543	1,762,748	34,693,291
BBB	-	12,271,459	1,795,252	14,066,711
BBB-	-	3,763,998	-	3,763,998
BB+	-	5,756,725	-	5,756,725
B+	-	5,517,630	-	5,517,630
B	-	3,160,861	-	3,160,861
Unclassified	-	-	115,902,725	115,902,725
Governmental or guaranteed by the government	-	174,112,711	1,694,867,452	1,868,980,163
Total	-	362,825,535	1,826,623,951	2,189,449,486

All the bond above are classified within stage (1) expect for a bond with a nominal value of JD 3,000,000 which is listed under "unclassified" and it is placed under stage (3). Noting that this bond is fully provisioned.

Market Risk

Market risk is defined as the risk of fluctuation in fair value or cash flows of financial assets arising from changes in market prices, which are divided into four major categories: interest rate risks, foreign currency risks, equity instruments risks, and commodities risks.

Market risk is monitored through specialized committees and certain business centers.

Market risk is measured and monitored through sensitivity analysis and VAR, using a 99% confidence level according to Basel II policies and stop loss limits; monitoring risk limits; and submitting periodic reports.

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

1. Interest rate risk:

This risk arises from changes in market interest rates. In this regard, the Bank manages interest rate risk by applying sensitivity analysis for the interest rate sensitive instruments designated at fair value through the income statement by shifting the yield curve a parallel shift of $\pm 1\%$. The bank does not have a debt instruments classified at fair value through profit or loss as of December 31st 2020 and 2019.

2. Foreign Exchange risk:

This risk arises from changes in foreign exchange rates that might have an impact on the Bank's assets and liabilities held in foreign currency. The Bank manages the exchange rate risk by applying sensitivity analysis to the Bank's net foreign currencies positions by shifting the exchange rate $\pm 1\%$ on net profit and loss and shareholders' equity

Currency	Effect of Increasing Exchange Rate Currency by 1% on the Consolidated Statement of Profit or Loss	Effect of Decreasing Exchange Rate Currency by 1% on the Consolidated Statement of Profit or Loss	Effect of Increasing Exchange Rate Currency by 1% on Equity	Effect of Decreasing Exchange Rate Currency by 1% on Equity
	JD	JD	JD	JD
Sensitivity Analysis for 2020				
Euro	(48,254)	48,254	(26,414)	26,414
Great Britain pound	541,612	(541,612)	296,478	(296,478)
Australian dollar	(1,504)	1,504	(823)	823
Swiss franc	237	(237)	130	(130)
Canadian dollar	49	(49)	27	(27)
Japanese yen	(965)	965	(528)	528
Syrian pound	22,150	(22,150)	12,125	(12,125)
Algerian dinar	1,547,909	(1,547,909)	847,325	(847,325)
Sensitivity Analysis for 2019				
Euro	22,280	(22,280)	14,103	(14,103)
Great Britain pound	544,291	(544,291)	344,536	(344,536)
Australian dollar	54	(54)	34	(34)
Swiss franc	362	(362)	229	(229)
Canadian dollar	(297)	297	(188)	188
Japanese yen	(144)	144	(91)	91
Syrian pound	31,743	(31,743)	20,093	(20,093)
Algerian dinar	1,310,278	(1,310,278)	829,406	(829,406)

3. Equity Price Risk:

This risk arises from changes in the prices of equity instruments within the Bank's financial assets at fair value through profit or loss and/or financial assets at fair value through other comprehensive income. The Bank manages the share price risk by applying the VAR methodology calculated based on the historical prices of equity instruments for a confidence level of 99% for one day for each company separately. The VAR was then calculated for the Bank's portfolio.

	2020 JD	2019 JD
Financial assets at fair value through profit or loss	(159,530)	(166,054)
Financial assets at fair value through other comprehensive income	(1,307,185)	(1,281,818)

Interest Rate Re-pricing Gap:

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

2020

	Interest Rate Re-pricing Gap:							
	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 Months to 1 Year	1 to 3 Years	Over 3 Years	Non-interest Bearing Items	Total
For the Year 2020	JD	JD	JD	JD	JD	JD	JD	
Assets								
Cash and balances at central banks	451,249,073	-	-	-	-	-	674,525,221	1,125,774,294
Balances at banks and financial institutions	224,569,078	110,990,067	-	-	-	-	25,073,162	360,632,307
Deposits at banks and financial institutions	-	-	51,682,663	1,999,200	-	-	-	53,681,863
Financial assets through profit and loss	-	-	-	-	-	-	4,455,791	4,455,791
Financial assets at fair value through other comprehensive income	10,611,447	57,153,583	11,880,476	12,331,594	235,850,439	17,925,155	26,129,906	371,882,600
Direct credit facilities at amortized cost	848,431,742	1,451,756,225	343,608,091	610,078,205	348,170,484	428,773,235	(54,074,210)	3,976,743,772
Direct credit facilities at fair value through the profit or loss	-	-	130,690,360	-	-	-	-	130,690,360
Financial assets at amortized cost	5,000,000	90,586,224	10,000,106	168,027,339	1,521,251,949	38,976,677	-	1,833,842,295
Property and equipment	-	-	-	-	-	-	174,997,134	174,997,134
Intangible assets – net	-	-	-	-	-	-	18,995,985	18,995,985
Right of use assets	-	-	-	-	-	-	25,269,889	25,269,889
Deferred tax assets	-	-	-	-	-	-	105,241,081	105,241,081
Other assets	3,619,607	-	569,010	-	-	-	119,653,229	123,841,846
Total Assets	1,543,480,947	1,710,486,099	548,430,706	792,436,338	2,105,272,872	485,675,067	1,120,267,188	8,306,049,217
Liabilities								
Banks and financial institutions deposits	355,772,440	276,181,591	62,206,315	-	-	-	83,565,276	777,725,622
Customers' deposits	921,205,624	2,032,883,113	313,404,054	470,221,011	79,321,273	11,956,064	1,637,483,826	5,466,474,965
Margin accounts	102,829,116	28,915,722	19,353,109	31,826,340	7,376,615	7,914,057	36,048,371	234,263,330
Loans and borrowings	31,284,221	37,814,939	50,979,922	27,695,016	107,105,856	59,698,668	-	314,578,622
Sundry provisions	-	-	-	-	-	-	41,573,033	41,573,033
Income tax provision	-	-	-	-	-	-	48,515,568	48,515,568
Deferred tax liabilities	-	-	-	-	-	-	8,981,193	8,981,193
Lease Liability	-	-	-	2,307,490	8,672,314	13,385,412	-	24,365,216
Other liabilities	244,868	189,938	272,191	669,094	1,096,626	1,795,384	223,446,059	227,714,160
Total Liabilities	1,411,336,269	2,375,985,303	446,215,591	532,718,951	203,572,684	94,749,585	2,079,613,326	7,144,191,709
Interest rate re-pricing gap	132,144,678	(665,499,204)	102,215,115	259,717,387	1,901,700,188	390,925,482	(959,346,138)	1,161,857,508

2019

Interest Rate Re-pricing Gap:								
	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 Months to 1 Year	1 to 3 Years	Over 3 Years	Non-interest Bearing Items	Total
For the Year 2019	JD	JD	JD	JD	JD	JD	JD	
Assets								
Cash and balances at central banks	322,442,778	-	-	6,504,400	-	-	785,648,586	1,114,595,764
Balances at banks and financial institutions	282,632,823	141,051,957	-	-	-	-	28,830,901	452,515,681
Deposits at banks and financial institutions	45,961	-	7,501,290	48,749,598	-	-	-	56,296,849
Financial assets through profit and loss	632,797	-	-	-	-	-	3,040,727	3,673,524
Credit facilities – net	850,354,536	924,477,296	629,320,094	1,044,062,710	411,364,071	296,906,959	2,335,339	4,158,821,005
Financial assets at fair value through other comprehensive income	7,145,352	46,326,626	23,370,688	27,296,921	229,200,274	29,495,114	25,619,076	388,454,051
Financial assets at amortized cost	15,190,272	8,571,000	93,185,018	91,627,101	1,563,632,990	54,417,570	-	1,826,623,951
Property and equipment	-	-	-	-	-	-	185,136,052	185,136,052
Intangible assets – net	-	-	-	-	-	-	23,582,588	23,582,588
Right of use assets	-	-	-	-	-	-	28,702,451	28,702,451
Deferred tax assets	-	-	-	-	-	-	77,273,667	77,273,667
Other assets	6,026,576	-	569,015	-	-	-	116,966,967	123,562,558
Total Assets	1,484,471,095	1,120,426,879	753,946,105	1,218,240,730	2,204,197,335	380,819,643	1,277,136,354	8,439,238,141
Liabilities								
Banks and financial institutions deposits	303,176,704	312,920,691	18,340,837	48,845,800	-	-	41,965,190	725,249,222
Customers' deposits	964,527,859	1,068,889,313	494,431,419	387,670,324	190,945,801	14,645,737	2,689,402,515	5,810,512,968
Margin accounts	78,495,027	62,137,268	24,430,682	31,922,893	12,782,673	12,814,898	44,923,844	267,507,285
Loans and borrowings	5,001,170	1,381,314	7,396,233	53,590,517	36,636,232	54,305,000	-	158,310,466
Sundry provisions	-	-	-	-	-	-	44,324,443	44,324,443
Income tax provision	-	-	-	-	-	-	46,550,293	46,550,293
Deferred tax liabilities	-	-	-	-	-	-	6,569,323	6,569,323
Lease Liability	-	-	-	2,078,202	6,683,138	17,972,880	-	26,734,220
Other liabilities	-	-	-	-	-	-	229,666,079	229,666,079
Total Liabilities	1,351,200,760	1,445,328,586	544,599,171	524,107,736	247,047,844	99,738,515	3,103,401,687	7,315,424,299
Interest rate re-pricing gap	133,270,335	(324,901,707)	209,346,934	694,132,994	1,957,149,491	281,081,128	(1,826,265,333)	1,123,813,842

Concentration of Foreign Currency Risk:

items / Currency	US Dollar	Euro	Sterling Pound	Japanese Yen	Syrian Lira	Algerian Dinar	Other	Total
2020	JD	JD	JD	JD	JD	JD	JD	JD
Assets								
Cash and balances at central banks	231,117,253	37,439,698	342,816	4,242	27,393,810	176,145,592	81,987,358	554,430,769
Balances at banks and financial institutions	235,589,117	34,959,620	6,949,693	512,060	5,154,023	22,685,023	28,582,233	334,431,769
Deposits at banks and financial institutions	-	21,183,479	-	-	591,742	-	1,917,775	23,692,996
Financial assets at fair value through profit or loss	-	-	-	-	5,867	-	632,797	638,664
Direct credit facilities at amortized cost - net	494,792,185	30,700,468	174,159,968	27,848,816	14,241,381	189,952,221	130,325,027	1,062,020,066
Direct credit facilities at fair value through the profit or loss	130,690,360	-	-	-	-	-	-	130,690,360
Financial assets at fair value through other comprehensive income	157,749,334	19,512,121	9,660,483	-	-	-	-	186,921,938
Financial assets at amortized cost - net	469,464,664	-	-	-	-	-	22,566,480	492,031,144
Property and equipment - net	-	-	647,078	-	1,564,763	1,238,108	333,714	3,783,663
Intangible assets - net	-	-	2,993,509	-	14,333	2,092,822	690,691	5,791,355
Right of use asset	-	-	3,016,177	-	147,129	855,224	2,715,646	6,734,176
Deferred tax assets	-	-	1,544,858	-	1,077	2,269,206	-	3,815,141
Other assets	11,041,990	810,638	786,286	1,027	669,878	12,322,459	535,270	26,167,548
Total Assets	1,730,444,903	144,606,024	200,100,868	28,366,145	49,784,003	407,560,655	270,286,991	2,831,149,589
Liabilities								
Banks and financial institutions deposits	540,768,219	30,905,555	13,944,760	15,103	1,446,749	-	1,123,904	588,204,290
Customers' deposits	1,371,366,119	90,297,165	62,758,779	581,669	37,749,384	147,988,919	191,666,669	1,902,408,704
Margin accounts	76,773,298	6,339,864	-	32,663	1,164,571	24,467,458	18,171,696	126,949,550
Borrowed funds	-	-	-	27,801,017	-	-	-	27,801,017
Sundry provisions	537,953	375,995	144,907	-	7,823,021	16,997,717	-	25,879,593
Income tax provision	-	-	190,813	-	399,464	-	-	590,277
Lease liability	-	-	3,365,846	-	78,661	694,534	2,721,602	6,860,643
Other liabilities	9,530,860	5,692,939	3,632,539	29,928	2,013,423	93,006,247	1,066,606	114,972,542
Total Liabilities	1,998,976,449	133,611,518	84,037,644	28,460,380	50,675,273	283,154,875	214,750,477	2,793,666,616
Net Financial Position Items	(268,531,546)	10,994,506	116,063,224	(94,235)	(891,270)	124,405,780	55,536,514	37,482,973
Off-financial position Contingent Liabilities	513,804,507	219,502,080	37,658,334	962,454	9,743,549	78,784,580	87,077,053	947,532,557
2019								
Total Assets	1,836,205,773	150,862,378	174,334,680	12,106,122	129,905,662	415,747,868	250,846,072	2,970,008,555
Total Liabilities	2,047,542,862	148,724,442	85,995,240	12,022,617	135,027,711	310,498,892	213,377,943	2,953,189,707
Net Financial Position Items	(211,337,089)	2,137,936	88,339,440	83,505	(5,122,049)	105,248,976	37,468,129	16,818,848
Off-financial Position Contingent Liabilities	638,230,794	326,725,078	37,957,798	449,925	10,745,366	107,342,289	20,400,692	1,141,851,942

Liquidity Risk

Liquidity risk is defined as the Bank's failure to provide the required funding to cover its obligations at their respective due dates.

Liquidity risk is managed through the following:

- Analyzing cash inflow for all assets and liabilities.
- Preparing stress scenarios for liquidity risk.
- Evaluating and monitoring concentration and fluctuation in financing sources.
- Assessing the Bank's ability to borrow and finance its activities.
- Monitoring the compliance with the approved policies and the instructions of the Central Bank of Jordan in this regard.
- Submitting periodic reports to higher management on the level of liquidity risk at the Bank.

Sources of Funds:

The Bank works to diversify its sources of funds including geographical sectors, currencies, customers, facilities, and conditions in order to attain financial flexibility and lower financing costs, in addition to maintaining stable financing sources. The Bank has a large customer base of individuals and corporations with varying deposit accounts, of which 61% are stable and dominated in Jordanian dinars.

	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 Months to 1 Year	1 to 3 Years	Over 3 Years	Non-interest Bearing Items	Total
	JD	JD	JD	JD	JD	JD	JD	JD
2020								
Liabilities:								
Banks and financial institutions deposits	439,496,985	276,582,045	62,409,263	-	-	-	-	778,488,293
Customers' deposits	963,811,771	1,851,841,756	324,477,775	479,798,904	160,046,743	68,199,676	1,637,483,824	5,485,660,449
Margin accounts	63,247,688	30,248,589	21,972,404	33,417,795	29,231,375	46,091,565	12,126,695	236,336,111
Loans and borrowings	31,327,889	38,026,072	51,620,357	28,390,853	114,281,948	65,698,385	-	329,345,504
Sundry provisions	-	-	-	-	-	-	41,573,033	41,573,033
Income tax provision	10,000,000	27,077,125	-	2,530,264	6,935,834	1,972,345	-	48,515,568
Deferred tax liabilities	-	-	-	-	-	-	8,981,193	8,981,193
Lease liability	-	-	-	3,349,132	11,367,361	17,184,565	-	31,901,058
Other liabilities	72,140,909	189,938	11,134,163	3,303,252	1,096,626	1,795,384	138,053,888	227,714,160
Total Liabilities	1,580,025,242	2,223,965,525	471,613,962	550,790,200	322,959,887	200,941,920	1,838,218,633	7,188,515,369
TOTAL ASSETS (ACCORDING to THEIR EXPECTED MATURITY)	1,518,997,329	617,649,857	449,755,011	824,562,302	2,953,873,570	1,223,311,788	717,899,360	8,306,049,217
2019								
Liabilities:								
Banks and financial institutions deposits	303,424,298	313,942,899	18,475,642	49,563,833	-	-	41,965,190	727,371,862
Customers' deposits	965,347,708	1,072,523,537	498,213,819	393,601,680	198,736,390	15,542,056	2,689,402,515	5,833,367,705
Margin accounts	78,529,042	62,244,973	24,525,962	32,171,892	13,048,553	13,214,723	44,923,844	268,658,989
Loans and borrowings	5,011,839	1,393,101	7,538,241	55,210,791	40,387,782	62,646,248	-	172,188,002
Sundry provisions	-	-	-	-	-	-	44,324,443	44,324,443
Income tax provision	-	-	-	-	-	-	46,550,293	46,550,293
Deferred tax liabilities	-	-	-	-	-	-	6,569,323	6,569,323
Lease liability	-	-	-	3,502,784	9,451,968	22,726,612	-	35,681,364
Other liabilities	-	-	-	-	-	-	229,666,079	229,666,079
Total Liabilities	1,352,312,887	1,450,104,510	548,753,664	534,050,980	261,624,693	114,129,639	3,103,401,687	7,364,378,060
TOTAL ASSETS (ACCORDING to THEIR EXPECTED MATURITY)	1,484,471,095	1,120,426,879	753,946,105	1,218,240,730	2,204,197,335	380,819,643	1,277,136,354	8,439,238,141

Off- statement of financial position to items:

	Up to 1 Year	1 - 5 Years	Over 5 Years	Total
	JD	JD	JD	JD
2020				
Letters of credit and acceptances	150,212,781	326,266,280	39,704,000	516,183,061
Un-utilized ceilings	102,300,753	337,051,109	6,195,158	445,547,020
Letters of guarantee	126,932,441	317,757,529	21,561,842	466,251,812
Total	379,445,975	981,074,918	67,461,000	1,427,981,893
2019				
Letters of credit and acceptances	540,718,676	127,859,786	-	668,578,462
Un-utilized ceilings	420,259,318	32,419,756	750,572	453,429,646
Letters of guarantee	444,257,182	58,184,674	158,411	502,600,267
Total	1,405,235,176	218,464,216	908,983	1,624,608,375

48. Fair Value Hierarchy

The following table analyzes the financial instruments recorded at fair value based on the valuation method, which is defined at different levels as follows:

Level 1: List prices (unadjusted) for identical assets or liabilities in active markets.

Level 2: Information other than the stated price included in level 1, which is monitored for the asset or liability, either directly (such as prices) or indirectly (i.e., derived from the prices).

Level 3: Information on the asset or liability not based on those observed in the market (unobservable information).

	Level 1	Level 3	Total
	JD	JD	JD
December 31, 2020			
Financial assets:			
Financial assets at fair value through other comprehensive income	345,752,694	26,129,906	371,882,600
Financial assets at fair value through profit or loss	3,822,994	632,797	4,455,791
Direct credit facilities at fair value through the profit or loss	130,690,360	-	130,690,360
Total	480,266,048	26,762,703	507,028,751

December 31, 2019**Financial assets**

Financial assets at fair value through other comprehensive income	362,825,530	25,628,516	388,454,046
Financial assets at fair value through profit or loss	3,040,727	632,797	3,673,524
Total	365,866,257	26,261,313	392,127,570

The below table shows the movement on level 3 financial assets:

	December,31	
	2020	2019
	JD	JD
Fair value as of beginning of the year	26,261,313	22,608,862
New investments during the year	703,885	4,045,387
Changes in fair value during the year	(123,521)	(364,237)
Investments sold during the year	(78,974)	(28,699)
Total	26,762,703	26,261,313

49. Fiduciary Accounts

Investment accounts managed on behalf of customers amounted to JD 586 thousands as of December 31, 2020 against JD 608 thousands as of December 31, 2019. These accounts are not included in the assets and liabilities of the Bank's financial statements. The management's commissions and fees on these accounts (JD 29,875 during 2020) are recorded in the consolidated statement of profit or loss

50. Assets and Liabilities Expected Maturities

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

	Up to 1 Year	Over 1 Year	Total
	JD	JD	JD
2020			
Assets			
Cash and balances at central banks	1,014,156,547	111,617,747	1,125,774,294
Balances at banks and financial institutions	360,632,307	-	360,632,307
Deposits at banks and financial institutions	53,681,863	-	53,681,863
Financial assets through profit or loss	4,455,791	-	4,455,791
Credit facilities - net	1,549,502,939	2,427,240,833	3,976,743,772
Direct credit facilities at fair value through the profit or loss	31,905,000	98,785,360	130,690,360
Financial assets at fair value through other comprehensive income	91,991,666	279,890,934	371,882,600
Financial assets at amortized cost	273,613,669	1,560,228,626	1,833,842,295
Property and equipment - net	-	174,997,134	174,997,134
Intangible assets - net	-	18,995,985	18,995,985
Right of use asset	-	25,269,889	25,269,889
Deferred tax assets	-	105,241,081	105,241,081
Other assets	31,663,381	92,178,465	123,841,846
Total Assets	3,411,603,163	4,894,446,054	8,306,049,217
Liabilities:			
Banks and financial institutions deposits	777,725,622	-	777,725,622
Customers' deposits	2,651,398,132	2,815,076,833	5,466,474,965
Margin accounts	148,523,554	85,739,776	234,263,330
Loans and borrowings	147,774,098	166,804,524	314,578,622
Sundry provisions	320,332	41,252,701	41,573,033
Income tax provision	39,607,389	8,908,179	48,515,568
Deferred tax liabilities	-	8,981,193	8,981,193
Lease liability	2,307,490	22,057,726	24,365,216
Other liabilities	89,075,752	138,638,408	227,714,160
Total Liabilities	3,856,732,369	3,287,459,340	7,144,191,709
Net	(445,129,206)	1,606,986,714	1,161,857,508
	Up to 1 Year	Over 1 Year	Total
	JD	JD	JD
2019			
Assets			
Cash and balances at central banks	931,662,850	182,932,914	1,114,595,764
Balances at banks and financial institutions	452,515,681	-	452,515,681
Deposits at banks and financial institutions	56,296,849	-	56,296,849
Financial assets through profit or loss	3,040,727	632,797	3,673,524
Credit facilities - net	1,444,097,243	2,714,723,762	4,158,821,005
Financial assets at fair value through other comprehensive income	96,935,200	291,518,851	388,454,051
Financial assets at amortized cost	199,811,257	1,626,812,694	1,826,623,951
Property and equipment - net	-	185,136,052	185,136,052
Intangible assets - net	-	23,582,588	23,582,588
Right of use asset	-	28,702,451	28,702,451
Deferred tax assets	-	77,273,667	77,273,667
Other assets	34,564,507	88,998,051	123,562,558
Total Assets	3,218,924,314	5,220,313,827	8,439,238,141
Liabilities:			
Banks and financial institutions deposits	725,249,222	-	725,249,222
Customers' deposits	2,707,196,584	3,103,316,384	5,810,512,968
Margin accounts	181,432,925	86,074,360	267,507,285
Loans and borrowings	67,369,234	90,941,232	158,310,466
Sundry provisions	444,749	43,879,694	44,324,443
Income tax provision	43,163,353	3,386,940	46,550,293
Deferred tax liabilities	-	6,569,323	6,569,323
Lease liability	2,078,202	24,656,018	26,734,220
Other liabilities	105,803,136	123,862,943	229,666,079
Total Liabilities	3,832,737,405	3,482,686,894	7,315,424,299
Net	(613,813,091)	1,737,626,933	1,123,813,842

51. Contractual Commitments and Contingent Liabilities

This item consists of the following:

a - Credit commitments and commitments :

	December,31	
	2020	2019
	JD	JD
Letters of credit	451,740,343	632,165,144
Acceptances	64,442,718	36,413,318
Letters of guarantee:		
• Payment	108,719,285	125,499,913
• Performance	120,996,066	138,561,673
• Other	236,536,461	238,538,681
Forward foreign currency contracts	299,696,658	230,786,087
Currency swap contracts	14,180,000	14,180,000
Unutilized direct credit facilities ceilings	445,547,020	453,429,646
Total	1,741,858,551	1,869,574,462

b - Contractual commitments :

	December,31	
	2020	2019
	JD	JD
Property and equipment purchase contracts	207,808	1,102,937
Construction projects contracts	1,973,901	748,003
Other procurement contracts	7,746,692	6,409,609
Total	9,928,401	8,260,549

52. Lawsuits Raised by and against the Bank

Lawsuits raised against the Bank amounted to approximately JD 53 million as of December 31, 2020 (approximately JD 44.8 million as of December 31, 2019). In the opinion of the Bank's management and legal advisor, no liabilities will arise therefrom that exceed the booked provision of JD 7.2 as of December 31, 2020.

Other than the above-mentioned lawsuits, during the year 2019, the inspectors of the Central Bank of Algeria visited the management of the Housing Bank for Trade and Finance Algeria (a subsidiary company) and cited reports of violations attributed to the Bank related to violating some banking procedures in the Republic of Algeria. In this connection, an appealable preliminary decision by the Court of First Instance in Algeria was issued. The said decision imposed a fine of JD 37.6 million on the Housing Bank for Trade and Finance / Algeria (a subsidiary company) for one of the violations. Meanwhile, the Bank's lawyers in Algeria have confirmed the sound legal status of the Bank in relation to this violation. Moreover, the value of the remaining violations has not been determined as of the date of the consolidated financial statements. In the opinion of the Bank's management, legal advisor, and auditor in Algeria, the Bank has a strong legal position, and the provisions made for those violations mentioned in Note (21) are sufficient as at the end of the year 2020. In addition, these provisions will be reassessed in light of the upcoming developments during the next year.

On other hand, the lawsuits raised by the Bank against others amounted to approximately JD 541.2 million as of December 31, 2020 (JD 487.4 million as of December 31, 2019).

53. Comparative Figures

Some of the year 2019 figures have been reclassified to correspond with the year 2020 presentation without affecting the income and equity statements for the year 2019.

	December 31, 2019	
	After	Before
	Reclassification	Reclassification
	JD	JD
Regulatory Capital *	1,020,748,083	976,859,844
Capital Adequacy ordinary shareholders (CET1) Ratio %	17.28%	16.50%
Capital Adequacy Tier 1 Ratio %	17.35%	16.57%
Capital Adequacy Ratio %	18.02%	17.25%

- * In accordance with Central Bank of Jordan Circular No. 1/1/4693 issued on April 9, 2020 and in order to hedge the negative effects of the Corona Virus (Covid 19) event, it was decided to suspense the distribution of dividend by the licensed Jordanian banks to shareholders for the year 2019, and accordingly the amount that was deducted during the year 2019 was released.

54. Impact of Covid 19

The coronavirus ("COVID – 19") pandemic has spread across various geographies globally, causing disruption to business and economic activities. COVID – 19 has brought about uncertainties in the global economic environment.

The Bank is closely monitoring the situation and has activated its business continuity planning and other risk management practices to manage the potential business disruption the COVID – 19 outbreak may have on its operations and financial performance.

The Bank has performed an assessment of COVID – 19 pandemic which has resulted in the following changes to the expected credit loss methodology and valuation estimates and judgements as at and for the year ended December 31, 2020:

a. Expected credit losses

The uncertainties caused by COVID – 19, have required the Bank to update the inputs and assumptions used for the determination of ECLs as at December 31, 2020. ECLs were estimated based on a range of forecast economic conditions as at that date and considering that the situation is fast evolving, the Bank has considered the impact of higher volatility in the forward-looking macro-economic factors, when determining the severity and likelihood of economic scenarios for ECL determination.

This volatility has been reflected through adjustment in the methods of scenario construction and the underlying weightages assigned to these scenarios. The forward-looking factor (here Credit Index or CI) used is determined from the observed historical credit index. The credit index is used to forecast expected probability of defaults for the credit portfolio of the Bank.

In addition to the assumptions outlined above, the Bank has given specific consideration to the relevant impact of COVID – 19 on the qualitative and quantitative factors when determining the significant increase in credit risk and assessing the indicators of impairment for the exposures in potentially affected sectors and reflecting the Bank's management estimates (Management Overlay) in evaluating the impact on certain sectors or specific customers based on studying each sector or customers separately.

b. Valuation estimates and judgements

The Bank has also considered potential impacts of the current economic volatility in determination of the reported amounts of the Group's financial and non-financial assets and these are considered to represent management's best assessment based on available or observable information.

c. Deferred installments and customer credit ratings

Based on the Central Bank of Jordan Circular number 10/3/4375 and 10/3/13960 issued on March 15, 2020 and November 22, 2020 to the banks operating in Jordan, the bank postponed the installments due or that would be due on some customers without considering this as a restructuring and without affecting the customer credit rating, the postponed installments amounted to around JD 239.8 million during the year 2020.