

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

CONSOLIDATED INTERIM CONDENSED
FINANCIAL INFORMATION FOR THE
PERIOD ENDED MARCH 31, 2021

ARAB BANKING CORPORATION (JORDAN)
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION AND
INDEPENDENT AUDITOR'S REVIEWER REPORT
FOR THE THREE-MONTH PERIOD
ENDED MARCH 31, 2021

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Independent Auditor's Review Report

AM/ 003305

To the Chairman and Board of Directors Members
Arab Banking Corporation
(A Public Shareholding Limited Company)
Amman – The Hashemite Kingdom of Jordan

Introduction

We have reviewed the accompanying consolidated condensed statement of financial position of the Arab Banking Corporation (A Public Shareholding Limited Company) as of March 31, 2021, and the related consolidated condensed statements of income and other comprehensive income for the three-month period ended March 31, 2021, and the condensed statement of changes in equity and cash flows for the Three -months then ended and the summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and fair presentation of these consolidated condensed interim financial information in accordance with International Accounting Standard number (34) related to "Interim Financial Reporting" as adopted by the Central Bank Jordan. Our responsibility is to express a conclusion on these consolidated condensed interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard (34) related to "Interim Financial Reporting" as adopted by the Central Bank Jordan.

Other Matter Paragraph

The accompanying consolidated condensed financial statements are a translation of the statutory consolidated condensed financial statements in the Arabic Language to which reference should be made.

Amman – The Hashemite Kingdom of Jordan
April 29, 2021


Deloitte & Touche (M.E.) - Jordan

Deloitte & Touche (M.E.)
دلویت آند توش (الشرق الأوسط)
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ARAB BANKING CORPORATION (JORDAN)
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONSOLIDATED CONDENSED STATEMENT
OF FINANCIAL POSITION

	Note	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)
Assets		JD	JD
Cash and balances at central Bank of Jordan	5	48,685,694	52,217,487
Balances at Banks and financial institutions	6	66,387,706	89,979,061
Deposits at Banks and financial institutions	7	18,678,504	7,343,135
Direct credit facilities at amortized cost - net	8	654,925,741	649,941,932
Financial assets at fair value through other comprehensive income	9	135,117,257	135,570,467
Financial assets at amortized cost	10	133,963,848	126,843,748
financial assets at amortized cost - Mortgaged	11	57,507,782	62,631,159
Property and equipment - net		30,646,643	30,037,561
Intangible assets - net		1,436,248	1,519,806
Right of use assets		2,742,719	2,844,640
Deferred tax assets		9,152,707	9,226,618
Other assets	12	18,812,719	15,445,012
Total Assets		1,178,057,568	1,183,600,626
Liabilities and Owners' Equity			
Liabilities			
Banks and financial institutions deposits		148,662,079	157,160,531
Customers' deposits	13	690,901,532	684,291,947
Margin accounts		47,777,121	51,320,703
Borrowed funds		92,300,149	93,484,141
Sundry provisions		3,587,921	3,545,381
Income tax provision	14	6,844,980	6,456,452
Deferred tax liabilities		2,876,567	3,076,163
Lease liability contracts		2,515,986	2,755,325
Other liabilities	15	20,188,693	21,633,675
Total Liabilities		1,015,655,028	1,023,724,318
Owner's Equity			
Bank's Shareholders Equity			
Issued and paid in capital	16	110,000,000	110,000,000
Additional paid in capital		66,943	66,943
Statutory reserve	17	28,379,747	28,379,747
Voluntary reserve	17	197,281	197,281
Fair value reserve - Net	18	4,453,506	4,705,107
Retained earnings	19	16,527,230	16,527,230
Profit for the period		2,777,833	-
Total Owner's Equity		162,402,540	159,876,308
Total Liabilities And Owner's Equity		1,178,057,568	1,183,600,626

THE ACCOMPANYING NOTES FROM (1) TO (30) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION.

ARAB BANKING CORPORATION (JORDAN)
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
CONSOLIDATED CONDENSED STATEMENT OF PROFIT OR LOSS
FOR THE THREE - MONTHS AND THREE - MONTHS
PERIOD ENDED MARCH 31, 2021

	Note	For the Three-Months Ended March 31,	
		2021	2020
		(Reviewed) JD	(Reviewed) JD
Interest income		15,138,754	16,772,443
Interest expense		(6,399,111)	(8,581,492)
Net Interest Income		8,739,643	8,190,951
Net commission income		1,030,393	1,022,991
Net Interest and commission Income		9,770,036	9,213,942
Gain from foreign currencies		205,244	279,652
Other income – net		986,584	1,063,251
Total Income		10,961,864	10,556,845
Expenses			
Employees' expenses		3,628,765	3,392,298
Depreciation and amortization		545,634	584,710
Other expenses		1,807,088	2,089,573
Provision for expected credit loss on financial Assets	20	1,050,743	3,389,722
Sundry provisions		42,540	70,901
Reposessed assets impairment provisions		25,165	-
Total Expenses		7,099,935	9,527,204
Profit for the period before Tax		3,861,929	1,029,641
Income tax expense	14	(1,084,096)	(1,319,174)
Profit (Loss) for the Period		2,777,833	(289,533)
<hr/>			
Basic and Diluted Earnings Per Share for the period attributable to Bank's Shareholders	21	0.025	(0.003)

**THE ACCOMPANYING NOTES FROM (1) TO (30) CONSTITUTE AN INTEGRAL PART
OF THESE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION.**

ARAB BANKING CORPORATION (JORDAN)
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTHS AND THREE-MONTHS
PERIOD ENDED MARCH 31, 2021

	For the Three-Months Ended March 31,	
	2021 (Reviewed)	2020 (Reviewed)
	JD	JD
Profit /(Loss)for the period	2,777,833	(289,533)
<u>Other comprehensive income items:</u>		
<u>Other comprehensive income items which may 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 – Debt Instruments	(326,849)	1,638,159
Profit /(Loss) Gain in fair value for derivatives	73,064	(109,983)
<u>Items not to be subsequently transferred to statement of income:</u>		
Net Change in valuation reserve of financial assets at fair value through comprehensive income after tax – Equity Instruments	2,184	(22,564)
Total Comprehensive Income for the Period	2,526,232	1,216,079

THE ACCOMPANYING NOTES FROM (1) TO (30) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION.

ARAB BANKING CORPORATION (JORDAN)
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2021

	Reserves					Profit for the Period	Total
	Issued and Paid in Capital	Additional Paid in Capital	Statutory Reserve	Voluntary Reserve	Fair Value Reserve - Net	Retained Earnings	
	JD	JD	JD	JD	JD	JD	JD
For the Three - Months Ended March 31, 2021							
Balance - beginning of the period (Audited)	110,000,000	66,943	28,379,747	197,281	4,705,107	16,527,230	159,876,308
Total Comprehensive income for the period	-	-	-	-	(251,601)	-	2,526,232
Balance - End of the Period (Reviewed)	110,000,000	66,943	28,379,747	197,281	4,453,506	16,527,230	162,402,540
For the Three - Months Ended March 31, 2020							
Balance - beginning of the period (Audited)	110,000,000	66,943	27,958,998	197,281	2,943,308	15,725,766	156,892,296
Total comprehensive income for the period	-	-	-	-	1,505,612	-	1,216,079
Balance - End of the period	110,000,000	66,943	27,958,998	197,281	4,448,920	15,725,766	158,108,375

- An amount of JD 9,152,707 as of March 31, 2021 is restricted against deferred tax assets (JD 9,226,618 as of December 31, 2020 which represents the Accumulated change in fair value including capitalization or distribution only to the extent that it is actually realized according to Jordan Securities Commission and Central Bank of Jordan instructions.

- Included in retained earnings an amount of JD 2,761 as of March 31, 2021 and December 31, 2020 which is restricted, representing the effect of IFRS 9 early adoption, except for the amounts realized through the actual sale.

THE ACCOMPANYING NOTES FROM (1) TO (30) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION.

ARAB BANKING CORPORATION (JORDAN)
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021

		For the Three -Months Ended March 31,	
		2021	2020
Note		(Reviewed)	(Reviewed)
		JD	JD
Operating Activities:			
	Profit before income tax	3,861,929	1,029,641
Adjustments for non-cash items			
	Depreciation and amortization	545,634	584,710
20	Repossessed assets impairment provisions	1,050,743	3,389,722
	gain from disposed property and equipment	126	1,936
	Provisions for Expropriated Impairment of assets	25,165	-
	Sundry provisions	42,540	70,901
	Accrued interests	1,966,643	2,210,477
	Effect of Exchange rate fluctuation on cash and cash equivalents	(61,338)	(33,013)
	Net income before Changes in Assets and Liabilities	7,431,442	7,254,374
Changes in Assets and Liabilities			
	(Increase) in deposits at banks and financial Institutions that mature after three months	(11,368,195)	(5,207,176)
	(Increase) in direct credit facilities	(5,942,060)	(15,348,667)
	(Increase) in other assets	(5,125,664)	(2,832,976)
	Increase in banks and financial institutions deposits maturing after three months	36,052,588	35,713,587
	Increase (decrease) in customers' deposits	6,609,584	(19,225,207)
	(Decrease) increase in margin accounts	(3,543,582)	373,481
	(Decrease) increase in other liabilities	(1,928,229)	8,287,474
	Net Cash Flows from Operating Activities before Income Tax	22,185,884	9,014,890
14	Income tax paid	(667,047)	(206,914)
	Net Cash Flows from Operating Activities	21,518,837	8,807,976
Investing Activities			
	(Increase) of financial assets at amortized cost	(9,002,976)	(12,002,086)
	(Increase) decrease Financial assets at amortized cost – Mortgaged	5,123,377	(32,122,768)
	Sale and maturity of financial assets at amortized cost	1,888,332	54,130,112
	(Purchase) of property and equipment	(884,975)	(2,529,420)
	(Purchase) of intangible assets	(25,101)	(4,325)
	(Purchase) of Financial assets at fair value through other comprehensive income	(20,026,102)	-
	Sale and maturity of financial assets at fair value through other comprehensive income	19,959,327	3,549,417
	Net Cash Flows (used in) from Investing Activities	(2,968,118)	11,020,930
Financing Activities			
	Dividends paid to shareholders	(10,551)	(6,674)
	(Decrease) increase borrowing funds	(1,183,991)	34,078,574
	Net Cash Flows (used in) from Financing Activities	(1,194,542)	34,071,900
	Net Increase in Cash and Cash Equivalents	17,356,177	53,900,806
	Effect of exchange rate fluctuation on cash and cash equivalents	61,338	33,013
	Cash and cash equivalents - beginning of the Period	(14,928,943)	(42,703,306)
22	Cash and Cash Equivalents - End of the Period	2,488,572	11,230,513

THE ACCOMPANYING NOTES FROM (1) TO (30) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION.

ARAB BANKING CORPORATION (JORDAN)
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL INFORMATION

1. Incorporation and Activities

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

The Bank provides banking services through its head office in Amman and its 25 branches in Jordan and the subsidiary Company.

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

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

2. Basis of Preparation and Significant Accounting Policies

The consolidated condensed interim financial information of the Bank was prepared as of March 31, 2021 in accordance with International Accounting Standard Number (34) (Consolidated Condensed Interim Financial Statements), as adapted by the Central Bank of Jordan.

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

- Provisions for expected credit losses are calculated in accordance with the Central Bank of Jordan's Instructions No. (2018/13) "Adoption of IFRS 9" on June 6, 2018, and according to the instructions of the supervisory authorities in the countries in which the Bank operates, whichever is tougher. The material differences are as follows:
 - Elimination of debt instruments issued or granted by the Jordanian government so that credit exposures are resolved on the Jordanian Government and by its guarantee without credit losses.
 - When calculating the credit losses against credit exposures, the calculation results according to IFRS 9 are compared with those according to the Central Bank of Jordan's Instructions No. (2009/47) dated December 10, 2009 for each stage separately. The tougher results are adopted.
- Interest and commissions on non-performing credit facilities granted to clients are suspended, in accordance with the instructions of the Central Bank of Jordan and according to the instructions of the supervisory authorities in the countries in which the Bank operates, whichever is tougher.

- Assets seized by the Bank are shown in the consolidated statement of financial position, among other assets, at their current value when seized by the Bank or at their fair value, whichever is lower. Furthermore, they are reassessed on the date of the consolidated financial statements separately, and any decrease in value is recorded in the consolidated statement of profit or loss while any increase in value is not recorded as revenue. In addition, any subsequent increase is taken to the statement of profit or loss to the extent of not exceeding the previously recorded value. As of the beginning of the year 2015, a gradual provision has been taken for real estate acquired in exchange for debts and whose acquisition has exceeded 4 years, according to the Central Bank of Jordan's Circular No 15/1/4076 dated March 27, 2014 and Circular No. 10/1/2510 dated February 14, 2017. In this respect, the Central Bank of Jordan has issued Circular No. 10/1/13967 dated October 25, 2018, approving the extension of Circular No. 10/1/16607 dated December 17, 2017, and confirming postponement of the calculation of the provision until the end of the year 2019. According to the Central Bank of Jordan's Circular No. 10/1/16239 dated November 21, 2019, deduction of the required provisions against the acquired real estate will continue at a rate of 5% of the total book value of these properties (regardless of the violation period) from the year of 2021 until the required percentage is reached (50% of these properties by the end of the year 2029).
- The reporting currency of the consolidated financial statements is the Jordanian Dinar, which is the functional currency of the Bank.
- The condensed consolidated interim financial information do not include all notes and information presented in the annual financial statements which is prepared in accordance with the international accounting standards and should be read with the Bank's annual report for the year ended December 31, 2020. The results of the three months ended March 31, 2021 do not indicate the expected results for the year ended December 31, 2021. There was no appropriation of the profit of the three months ended March 31, 2021 which is usually performed at year end.

- Significant Accounting Judgments and key Sources of Uncertainty Estimates:

Preparation of the condensed interim consolidated financial information and application of the accounting policies require 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 condensed consolidated interim 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.

The critical judgements and estimates used in the preparation of these condensed consolidated interim financial information are consistent with those used in the preparation of the Bank's annual financial statements for the year ended December 31, 2020, except for the changes highlighted below:

3. Significant Accounting Policies

The Accounting Policies that are used in preparing consolidated interim financial information for the period ending 31 March 2021 is similar to the Accounting policies that have been used in preparing the consolidated financial statements for the year end 31 December 2021. And yet, consolidated financial reports adjusted standards have been used and have come into effect for financial periods that starts in or after the first of January 2021, in preparing consolidated interim financial information for the group, that have not significantly affected the amounts and the disclosures stated in the consolidated interim financial information for the period and the previous years, the fact that it could have effects on the accounting treatment for future transactions and notwithstanding arrangements.

Interest Price Standardized Reforms- Second Phase Adjustments

As from the first of January 2021, the bank has applied phase two of interest price standardized reforms which could affect the financial reports as a result of adjusting interest price standard, including the effects of changes on contractual cash flows or hedge relations arising from the replacement of interest price standard with an alternative reference rate. The adjustments provide amendments from certain requirements mentioned in international standards for financial reports number 9, 7, 4 and 16, in addition to international accounting standard number 39 that relates to changes in the base of identifying contractual cash flows for assets, liabilities, rental liabilities and hedge accounting.

The adjustments require the facility to acknowledge the changes in the base of identifying the contractual cash flows for assets or liabilities that requires reforming interest rate standard through adjusting the actual interest rate for assets or liabilities. Moreover, this provides specific exemptions for hedge accounting requirements.

The bank has conducted an initial study regarding cash flows exposure and fair value hedges of assets and liabilities relevant to the new benchmark of interest rates set between banks that will be applied after year 2021 and the initial study has shown that there are no significant impact of adjusting interest price on the banks' results.

4. Basis of Consolidation of the Financial Statements

- The accompanying consolidated Interim Condensed financial statements include the financial statements of the Bank and the subsidiary under its control. Moreover, control is achieved when the Bank has the ability to control the investee company, the company is exposed to variable returns or has rights to participate in the investee company, and the Bank is able to use its authority over the investee company, which affects its revenues.
- The Bank reassesses whether 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.
- Transactions, balances, revenues and expenses are eliminated between the Bank and the subsidiary.
- The financial statements of the subsidiary are prepared for the same financial year, using the same accounting policies adopted by the Bank. If the accounting policies adopted by the company are different from those used by the Bank, the necessary adjustments to the financial statements of the subsidiary are made to comply with the accounting policies followed by the Bank.
- The results of the subsidiary are incorporated into the consolidated Interim Condensed Statement of Profit or Loss from the effective date of acquisition, which is the date on which actual control over the subsidiaries is assumed by the Bank. Moreover, the operating results of the disposed-of subsidiary are incorporated into the consolidated statement of Profit or Loss up to the effective date of disposal, which is the date on which the Bank loses control over its subsidiary.
- Non-controlling interests represent that part of the equity that is not owned by the Bank. Non-controlling interests in the net assets of the subsidiary are presented separately in the Bank's statement of equity.

The Bank's subsidiary as of March 31, 2021 represents the following:

- **Arab Co-operation for Financial Investments (ABCI)**

Arab Co-operation for Financial Investments is wholly owned by the Bank, and its objective is to carry out brokerage investments on behalf of its clients, in addition to providing financial consultation services on stock exchange investing. Its paid-up capital amounted to JD 15,600,000, total assets to JD 40,686,923 and total liabilities to JD 15,981,459 as at March 31, 2021. Moreover, its total revenues amounted to JD 1,011,079 and total expenses to JD 671,126 for the period ended March 31, 2021, before excluding any transactions, balances, revenue, and expenses between the Company and the Bank.

Control is achieved when the Bank:

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

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

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

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

- The size of the 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 the subsidiary, the Bank performs the following:

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

5. Cash and balances at Central Bank of Jordan

The details of this item is as follows:

	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD
Cash on hand	6,699,262	6,694,630
Balances at central bank of Jordan:		
Current accounts and demand deposits	11,420,198	13,020,146
Statutory cash reserve	30,566,234	32,502,711
Total cash in CBJ	<u>41,986,432</u>	<u>45,522,857</u>
Total	<u>48,685,694</u>	<u>52,217,487</u>

- The statutory cash reserve amounted to JD 30,566,234 as of March 31, 2021 (JD 32,502,711 as of December 31, 2020).
- There are no restricted balances except for the statutory cash reserve as of March 31, 2021 and December 31, 2020.
- Balances with the Central Bank of Jordan are classified as part of the first stage in accordance with the requirements of IFRS (9), and there are no transfers between the first, second and third stages or non-performing balances during the Three-months ended March 31, 2021.

6. Balances at banks and financial institutions

The details of this item is as follows:

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD	JD	JD	JD	JD
Current accounts and demand deposits	6,240	575	11,576,354	24,723,523	11,582,594	24,724,098
Deposits maturing within or less than 3 months	37,577,000	35,450,000	17,252,775	29,840,003	54,829,775	65,290,003
Total	37,583,240	35,450,575	28,829,129	54,563,526	66,412,369	90,014,101
Provision for Balances at banks and financial institutions	(24,396)	(29,120)	(267)	(5,920)	(24,663)	(35,040)
Total	37,558,844	35,421,455	28,828,862	54,557,606	66,387,706	89,979,061

- Non-interest bearing balances at banks and financial institutions amounted to JD 7,814,811 as of March 31, 2021 (JD 4,951,278 as of December 31, 2020).

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

7. Deposits at banks and financial institutions

The movement on deposits at banks and financial institutions is as follows:

	Local Banks and financial institutions		Foreign Banks and financial institutions		Total	
	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD	JD	JD	JD	JD
Deposits maturing during the period:						
From 3 months to 6 months	-	-	10,410,380	7,343,135	10,410,380	7,343,135
From 9 months to 12 months	-	-	8,300,950	-	8,300,950	-
Total	-	-	18,711,330	7,343,135	18,711,330	7,343,135
Provision for expected credit loss	-	-	(32,826)	-	(32,826)	-
Total deposits at banks and financial institutions	-	-	18,678,504	7,343,135	18,678,504	7,343,135

- Deposits that mature due in more than six months amounted to JD 8,300,950 as of March 31, 2021 whereas December 31, 2020 there were no deposits due within more than six months.

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

- Deposits balances with banks and financial institutions amounted to JD 18,711,330 classified as part of the first stage as of March 31, 2021, there are also no transfers between the first, second and third stages or written off balances during the Three-months period ended March 31, 2020.

8. Direct credit facilities at amortized cost - net

The details of this item are as follow:

	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD
Individual (Retail)		
Overdrafts*	26,287,735	23,108,211
Loans and bills **	314,669,443	302,087,344
Credit cards	3,780,177	3,830,702
Real Estate loans	71,769,199	72,118,408
Corporate		
Overdrafts*	70,480,241	81,537,727
Loans and bills **	181,702,250	181,620,076
Small and medium enterprises		
Overdrafts*	4,702,724	4,888,584
Loans and bills **	20,232,149	20,694,534
Government and public sector ***	33,223,806	30,119,417
Total	<u>726,847,724</u>	<u>720,005,003</u>
<u>Less: Interest in suspense</u>	(15,051,486)	(14,149,904)
<u>Less: Expected credit loss</u>	(56,870,497)	(55,913,167)
Direct credit facilities – net	<u>654,925,741</u>	<u>649,941,932</u>

* Net of interest and commission received in advance amounting to JD 8,479 as of March 31, 2021 (JD 14,183 as of December 31, 2020).

** Net of interest and commissions received in advance amounting to JD 89,312 as of March 31, 2021 (JD 80,669 as of December 31, 2020).

- At March 31, 2021 non-performing credit facilities amounted to JD 65,675,849 (JD 62,889,091 as of December 31, 2020) which represent 9.036 % as of March 31, 2021 (8.735% as of December 31, 2020) of gross facilities.

- At March 31, 2021 non-performing credit facilities after deducting interest suspended amounted to JD 50,624,364 (JD 48,739,187 as of December 31, 2020) which represent 7.112% as of March 31, 2021 (6.905% of the granted balance as of December 31, 2020).

- At March 31, 2021 the credit facilities that were granted to the Jordanian government with guarantee amounted to JD 33,223,806 (JD 30,119,417 as of December 31, 2020) which represent 4.571 % as of March 31, 2021 (4.183% of gross facilities as of December 31, 2020) of gross facilities.

The movement in direct credit facilities on collective basis:

	Stage (1)		Stage (2)		Total
	Individual	Collective	Individual	Collective	
<u>For the Three-Month Ended as of March 31, 2021</u>					
Balance at the beginning of the period (Audited)	215,656,551	354,271,541	57,982,731	29,205,089	720,005,003
New credit facilities during the period	15,268,447	63,299,500	3,990,750	1,419,119	84,915,511
Settled credit facilities	(23,033,965)	(47,138,822)	(4,270,922)	(2,276,493)	(77,491,061)
Transferred to Stage (1)	1,904,576	2,989,991	(1,904,576)	(2,955,016)	-
Transferred to Stage (2)	-	(3,013,880)	-	3,162,715	-
Transferred to Stage (3)	-	(55,090)	(1,273,004)	(1,500,604)	-
Adjustments resulting from the reclassification between the three stages	-	(53,682)	(461,751)	(41,330)	(561,658)
Written off credit facilities	-	-	-	-	(20,071)
Adjustment due to changes in exchange rates	-	-	-	-	-
Total balance at the end of the period (Reviewed)	209,795,609	370,299,558	54,063,228	27,013,480	726,847,724

	Stage (1)		Stage (2)		Total
	Individual	Collective	Individual	Collective	
<u>For the year Ended as of December 31, 2020</u>					
Balance at the beginning of the year (Audited)	213,290,271	313,561,683	64,521,060	31,673,781	674,261,072
New credit facilities during the year	47,804,788	156,723,826	20,337,835	2,070,933	234,251,213
Settled credit facilities	(43,330,013)	(111,602,386)	(19,509,565)	(4,466,667)	(180,820,277)
Transferred to Stage (1)	3,310,956	6,511,708	(3,310,956)	(6,242,144)	-
Transferred to Stage (2)	(4,204,781)	(9,347,470)	4,204,781	9,722,610	-
Transferred to Stage (3)	(29)	(984,536)	(4,224,119)	(2,040,758)	-
Adjustments resulting from the reclassification between the three stages	(1,214,641)	(591,284)	(4,036,305)	(1,512,666)	(7,448,178)
Written off credit facilities	-	-	-	-	(238,827)
Adjustment due to changes in exchange rates	-	-	-	-	-
Total balance at the end of the year (Audited)	215,656,551	354,271,541	57,982,731	29,205,089	720,005,003

The movement in Expected credit loss according to the sectors on collective basis:

	Large Companies		Small and medium companies		Individual	Mortgage Loans		Government and public sector		Gross
	JD		JD		JD	JD		JD		JD
For the Three -Months Ended as of March 31, 2021										
Balance at the beginning of the period (Audited)	32,824,783		2,103,565		20,260,675	724,144		-		55,913,167
Impairment on new credit facilities during the period	1,905,670		111,969		1,272,404	32,436		-		3,322,479
Settled credit facilities	(1,497,523)		(352,820)		(801,145)	(17,437)		-		(2,668,925)
Transferred to Stage (1)	3,447		24		(292,713)	(17,317)		-		(306,559)
Transferred to Stage (2)	(550,477)		(24)		4,833	4,477		-		(541,191)
Transferred to Stage (3)	547,030		-		287,880	12,840		-		847,750
Impact on provision- as of the end of the period - resulting from the reclassification between the three stages during the period	133,194		(48)		170,230	1,322		-		304,698
Written off credit facilities	-		-		(922)	-		-		(922)
Adjustment due to changes in exchange rates	-		-		-	-		-		-
Total balance as of the end of the period (Reviewed)	33,366,124		1,862,666		20,901,242	740,465		-		56,870,497

	Large Companies		Small and medium companies		Individual	Mortgage Loan		Government and public sector		Gross
	JD		JD		JD	JD		JD		JD
For the year Ended as of December 31, 2020										
Balance at the beginning of the year (Audited)	21,765,141		1,662,281		18,445,617	563,231		108,923		42,545,193
Impairment on new credit facilities during the year	10,839,190		559,542		2,306,292	164,106		-		13,869,130
Settled credit facilities	(2,052,797)		(113,966)		(1,968,978)	(128,764)		(108,923)		(4,373,428)
Transferred to Stage (1)	(28,571)		(14,115)		(953,246)	(100,406)		-		(1,096,338)
Transferred to Stage (2)	(3,176,969)		14,086		(663,959)	56,176		-		(3,770,666)
Transferred to Stage (3)	3,205,540		29		1,617,205	44,230		-		4,867,004
Impact on provision- as of the end of the year - resulting from the reclassification between the three stages during the year	2,273,249		(4,292)		1,505,673	125,571		-		3,900,201
Written off credit facilities	-		-		(27,929)	-		-		(27,929)
Adjustment due to changes in exchange rates	-		-		-	-		-		-
Total balance as of the end of the year (Audited)	32,824,783		2,103,565		20,260,675	724,144		-		55,913,167

The amount of provisions that were no longer needed as a result of settlement and payment of debts and converted to other debts is JD 473,591 as of March 31, 2021 (JD 1,867,845 as of December 31, 2020).

Interest in Suspense:

The detailed movement in interest in suspense is as follows:

For the Three-months Ended on March 31, 2021	Companies				
	Individuals	Real Estate	Large Corporate Customers	SMEs	Total
	JD	JD	JD	JD	JD
Balance – beginning of the period (Audited)	7,874,768	322,459	4,986,869	965,808	14,149,904
Add: Suspended interest during the period	348,224	19,603	684,674	37,376	1,089,877
Less: Interest in suspense reversed to Income	(149,950)	-	-	(19,196)	(169,146)
Written-off suspended interest	(16,977)	-	(2,172)	-	(19,149)
Balance - End of the Period (Reviewed)	<u>8,056,065</u>	<u>342,062</u>	<u>5,669,371</u>	<u>983,988</u>	<u>15,051,486</u>

For the Year Ended December 31, 2020

Balance – beginning of the year (Audited)	6,995,654	238,862	2,748,638	729,271	10,712,425
Add: Suspended interest during the year	1,426,377	87,614	2,329,856	241,601	4,085,448
Less: Interest in suspense reversed to Income	(363,264)	-	(69,103)	(4,704)	(437,071)
Written-off suspended interest	(183,999)	(4,017)	(22,522)	(360)	(210,898)
Balance - End of the year (Audited)	<u>7,874,768</u>	<u>322,459</u>	<u>4,986,869</u>	<u>965,808</u>	<u>14,149,904</u>

9. Financial assets at fair value through other comprehensive income

The details of this items are as follows:

	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD
Shares listed in active market	871,444	869,844
Shares not- listed in active market	2,396,962	2,368,267
Government guaranteed bonds	117,426,722	117,941,021
Jordanian treasury bills	7,061,149	7,018,586
Other financial bonds	7,366,437	7,381,874
Less: Provision of expected credit loss	(5,457)	(9,125)
Total	<u>135,117,257</u>	<u>135,570,467</u>

10. Financial assets at amortized cost

The details of this item are as follows:

	March 31, 2021 (Reviewed) JD	December 31, 2020 (Audited) JD
Unquoted Financial Assets:		
Government and Government guaranteed financial bonds	118,978,261	111,863,616
Other financial bonds	15,000,000	15,000,000
	133,978,261	126,863,616
<u>Less: Expected credit loss provision</u>	<u>(14,413)</u>	<u>(19,868)</u>
Total	133,963,848	126,843,748
Bonds and treasury bills analysis:		
Fixed return	133,978,261	119,863,616
Variable return	-	7,000,000
Total	133,978,261	126,863,616
 Bond Analysis IFRS (9):		
Stage (1)	133,978,261	126,863,616
Stage (2)	-	-
Stage (3)	-	-
Total	133,978,261	126,863,616

11. Financial assets at amortized cost-Mortgaged

The details of this item are as follows:

	March 31, 2021 (Reviewed) JD	December 31, 2020 (Audited) JD
Government and Government guaranteed bonds	57,507,782	62,631,159
Total	57,507,782	62,631,159

- On September 3, 2018 the Bank sold one bond of Jordanian treasury bonds with a nominal value of JD 15,000,000 to Arab Bank. The amount of repurchasing agreement for the bond JD 15,003,476, the amount received was JD 14,576,373 as borrowed money at an interest rate of 5.29% per annum, as indicated. The Bank did not recognize this transaction as sale transaction, as the bank reserved the right of repurchase of these bonds on September 5, 2021.
- On December 26, 2018 the Bank sold two bonds of Jordanian treasury bonds with a nominal value of JD 20,000,000 to Arab Bank. The agreed upon repurchasing amount was JD 20,007,991, the received amount was JD 19,378,304 as borrowed money with 5.5% annual interest rate The Bank did not recognize this transaction as sale transaction, as the bank reserved the right of repurchase of these bonds on December 26, 2021.
- On January 11, 2021 the Bank sold tow bond of Jordanian treasury bonds with a nominal value of JD 12,274,000 to central bank of Jordan. The agreed upon repurchasing amount was JD 12,500,621 the received amount was JD 12,437,671 as borrowed money with 2.00% annual interest rate The Bank did not recognize this transaction as sale transaction, as the bank reserved the right of repurchase of these bonds on April 12, 2021.

- On March 9, 2021 the Bank sold one bond of Jordanian treasury bonds with a nominal value of JD 6,250,000 to central bank of Jordan. The agreed upon repurchasing amount was JD 6,250,732 the received amount was JD 6,240,411 as borrowed money with 2.00% annual interest rate The Bank did not recognize this transaction as sale transaction, as the bank reserved the right of repurchase of these bonds on April 6, 2021.
- On March 31, 2021 the Bank sold one bond of Jordanian treasury bonds with a nominal value of JD 4,046,000 to central bank of Jordan. The agreed upon repurchasing amount was JD 4,167,002 the received amount was JD 4,165,068 as borrowed money with 2.00% annual interest rate The Bank did not recognize this transaction as sale transaction, as the bank reserved the right of repurchase of these bonds on April 7, 2021.

12. Other assets

The details of this item are as follow:

	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD
Revenue and interest under collection	5,386,988	7,071,454
Prepaid expenses	1,561,663	611,454
Assets seized by the Bank against due debts *	2,780,128	2,449,555
Assets / profits of unrealized financial derivatives	14,165	85,468
Other receivables/brokerage company	56,540	519,167
Land held for sale/brokerage company	1,696,734	1,696,734
Discounted LC's	4,793,591	724,107
Other	2,522,910	2,287,073
Total	18,812,719	15,445,012

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

	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD
Balance at the beginning of the period	2,449,555	2,429,211
Additions	355,738	227,714
Disposals	-	(207,370)
Provision for Assets seized for the year **	(25,165)	-
Balance - End of the Year	2,780,128	2,449,555

- ** The provision for the real state is JD 125,826 as of March 31, 2021 (JD 100,661 as of December 31, 2020) for the seized assets owned by the bank for period exceeding four years.

13. Customers' deposits

This item consists of the following:

	Individual	Large Companies	Small and medium companies	Government and public sector	Total
	JD	JD	JD	JD	JD
<u>For the Three -Months ended as of March 31, 2021 (Reviewed)</u>					
Current and demand deposits	49,997,081	18,622,980	12,656,450	1,272,487	82,548,998
Saving accounts	27,724,694	301,990	63,653	185,379	28,275,716
Time and notice deposits	299,770,365	193,762,671	13,182,589	73,361,193	580,076,818
Total	377,492,140	212,687,641	25,902,692	74,819,059	690,901,532

For the year ended as of December 31, 2020

(Audited)

Current and demand deposits	49,546,697	16,550,085	13,615,008	775,685	80,487,475
Saving accounts	29,648,573	364,501	216,291	201,987	30,431,352
Time and notice deposits	297,239,130	197,904,084	11,339,921	66,889,985	573,373,120
Total	376,434,400	214,818,670	25,171,220	67,867,657	684,291,947

- Jordan Government and public sector deposits amounted to JD 74,819,059 as of March 31, 2021 (JD 67,867,657 as of December 31, 2020) representing 10.829% (9.918% as of December 31, 2020) of total customers' deposits.
- Non-interest bearing deposits amounted to JD 89,923,439 as of March 31, 2021 (JD 88,910,349 as of December 31, 2020) representing 13.015% (12.993% as of December 31, 2020) of total deposits.
- Restricted deposits amounted to JD 97,100,211 as of March 31, 2021 (JD 96,559,289 as of December 31, 2020) representing 14.054% (14.111% as of December 31, 2020) of total deposits.
- Dormant accounts amounted to JD 21,986,022 as of March 31, 2021 (JD 20,189,962 as of December 31, 2020).

14. Income tax

a. Income tax provision

The movements in the income tax provision is as follows:

	March 31, 2021 (Reviewed) JD	December 31, 2020 (Audited) JD
Balance at the beginning of the period/ year	6,456,452	2,478,661
Income tax paid	(667,047)	(1,137,194)
Accrued income tax	1,055,575	5,114,985
Balance at the end of the period/ year	<u>6,844,980</u>	<u>6,456,452</u>

Income tax expense appearing in the Income statement represents the following:

	For the Three-Months Ended as of March 31,	
	2021 (Reviewed) JD	2020 (Reviewed) JD
Current income tax liabilities for the period	1,055,575	1,377,950
Deferred tax assets for the period	(92,710)	(1,002,508)
Reversal of deferred tax assets	121,231	943,732
	<u>1,084,096</u>	<u>1,319,174</u>

The statutory tax rate on banks in Jordan is 35%, in addition to 3% payable towards the national aid fund and the statutory tax rate on the subsidiary is 24%, in addition to 4% payable towards the national contribution fund.

A final settlement with Income Tax Department has been reached for the bank and the subsidiary for the year 2016.

The tax declaration for the Bank for 2017 and 2018 and 2019 was submitted and no final decision has been made by income tax department until preparation of these financial statements.

A final settlement was made with the income tax department of the subsidiary company for 2019 except for the year 2015 where a self-assessment statement was submitted for that year. It was reviewed by the Income and Sales Tax Department and a decision was made to claim additional taxes amounted to JD 44,370, However, the subsidiary company filed an objection in the related objection, who in their committee rote supported the estimator's decision, and accordingly the subsidiary company decided to appeal appealing the decision of the objection committee at the Tax Court of First Instance, and the case is still pending before that court.

15. Other liabilities

The details for this item is as follows:

	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD
Interest payable	4,657,910	4,375,733
Revenue received in advanced	281,217	80,092
Accounts payable	9,363,967	9,571,829
Unpaid and accrued expenses	1,493,100	1,043,227
Losses on financial liabilities derivative / Unrealized	260,860	372,812
Certified cheques withdrawn by the bank	935,597	621,152
Provision for expected credit losses on off -balance sheet items	994,121	903,995
Board of Directors Remunerations	148,125	140,500
Transfers held for payment	514,213	3,053,255
Deferred income	46,831	52,685
Other	1,492,752	1,418,395
Total	20,188,693	21,633,675

16. Paid-up Capital

The paid-up capital amounted to JD 110,000,000 divided into 110,000,000 shares at a par value of JD 1 per share as of March 31, 2021 (JD 110,000,000 as of December 31, 2020).

17. Reserves:

The bank did not make any transfers to legal reserves in accordance with Jordanian companies since these are interim financial statements.

18. Fair value reserve – net

This item consists of the following:

	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD
Balance at the beginning of the year/ period	4,705,107	2,943,308
Unrealized gains/ losses	(405,808)	2,841,610
Deferred tax liabilities	199,596	(1,098,223)
Deferred tax assets	(45,389)	18,412
Balance at the End of the Period/ Year	4,453,506	4,705,107

The fair value reserve is shown net after clearing the balance of deferred tax assets which amounted to JD 45,389 Tax liabilities are offset by 199,596 as of March 31, 2021 against deferred tax assets which amounted to JD 18,412 and the tax liabilities are set at 1,098,223 as of December 31, 2020.

19. Retained earnings

This item consists of the following:

	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD
Balance at the beginning of the period/ year	16,527,230	15,725,766
Profit for the year	-	1,222,213
Transfer from/ to reserves	-	(420,749)
Balance at the End of the Period/ Year	16,527,230	16,527,230

An amount of JD 9,152,707 as of March 31, 2021 is restricted against deferred tax assets (JD 9,226,618 as of December 31, 2020), which represents the accumulated change in fair value including capitalization or distribution only to the extent that it is actually realized according to Jordan Securities Commission and Central Bank of Jordan instructions, and regulations.

Retained earnings includes an amount of JD 2,761 as of March 31, 2021, (JD 2,761 as of December 31, 2020) which represents the effect of early implementation of the IFRS no. (9). this amount may not be used except for the amounts actually realized from sales transactions.

20. Expected Credit Loss Provision on Financial Assets

This item consists of the following:

	For the Period Ended March 31, 2021 (Reviewed)	2020 (Reviewed)
	JD	JD
Deposits balances at Banks and Financial Institutions	22,450	5,214
Financial assets at fair value from other comprehensive income	(3,668)	(13,526)
Financial assets at amortized cost	(5,455)	(4,491)
Direct credit facilities at amortized cost	958,252	3,074,075
Discounted letters of credit	1,633	(13,630)
Interests and revenues receivable	(12,595)	1,696
Off- balance sheets items	90,126	340,384
Total	1,050,743	3,389,722

21. Basic and diluted earnings per share for the bank's shareholders

The details for this item are as follows

	For the Three -Months Ended March 31, 2021 (Reviewed)	2020 (Reviewed)
	JD	JD
Profit (Loss) for the period	2,777,833	(289,533)
Weighted average number of shares	110,000,000	110,000,000
Basic and diluted earnings per share (JD/ Fils)	0.025	(0.003)

22. Cash and cash equivalents

The details for this item are as follows:

	For the Three -Months Ended March 31,	
	2021	2020
	(Reviewed) JD	(Reviewed) JD
Cash and balances with Central Bank of Jordan maturing within three months	48,685,694	70,400,210
Add: Balances at banks and financial institutions maturing within 3 months	66,412,369	73,584,670
<u>Less:</u> Banks and financial institutions' deposits maturing within 3 months	(112,609,491)	(132,754,367)
Total	<u>2,488,572</u>	<u>11,230,513</u>

23. Businesses Segment Information:**a. Information on the Bank's business segment:**

For management purposes, the Bank was organized into the following major operating segments measured in accordance with the reports that are used by the Chief Executive Officer and decision makers in the bank:

- Individual accounts: This item includes following up on individual customer's deposits, and granting them credit facilities, credit cards and other services.
- Small and Medium Enterprises: This item includes following up on the client's deposits and credit facilities that are classified as such based on the volume of the granted deposits and facilities according to the Banks policies and in compliance with the regulatory bodies instructions.
- Corporate Accounts: This item includes following up on the client's deposits and credit facilities that are classified as such, based on the volume of their deposits and facilities according to the Banks policies and in compliance with the regulatory bodies instructions.
- Treasury: This item includes providing treasury and trading services, managing the Bank's funds and long terms investments at amortized costs which is maintained to collect the contractual cash flows.
- Investment and foreign exchange management: This sector includes the local and foreign investments held at fair value as well as foreign currency trading services
- Others: This sector includes all the accounts not listed within the segments mentioned above such as shareholder's affairs, investments in associates, property and equipment, general management and support units management.

The following are the information of the bank's business segments:

	Total				
	For the Three -month ended as of				
	March 31,		2021		2020
	Retail	Corporate	Treasury	Other	(Reviewed)
	JD	JD	JD	JD	JD
Total income	7,897,586	4,319,937	5,130,462	12,990	17,360,975
Provision of expected credit loss for financial assets	(874,878)	(126,869)	(48,996)	-	(1,050,743)
Results of the segmental	4,284,044	2,518,851	3,090,918	(25,232)	9,868,581
Unallocated segmental expenses					(6,006,652)
Profit for the period before tax					3,861,929
Income tax					(1,084,096)
Profit / (loss) for the Period					2,777,833
Capital expenditures					910,076
Depreciation and amortization					545,634
					2,533,745
					584,710
Other information					
Segmental assets	377,721,248	267,530,910	488,695,880	-	1,133,948,038
Unallocated segmental assets	-	-	-	44,109,530	44,109,530
Total Assets	377,721,248	267,530,910	488,695,880	44,109,530	1,178,057,568
Segmental liabilities	590,971,475	185,396,411	222,465,933	-	998,833,819
Unallocated segmental liabilities	-	-	-	16,821,209	16,821,209
Total Liabilities	590,971,475	185,396,411	222,465,933	16,821,209	1,015,655,028
					1,023,724,318

Related Parties transactions
Includes related parties, as defined in IAS 24 (Related Party Disclosures); affiliated companies, major shareholders, directors, and other key management personnel of the bank, and facilities subject to the control of these parties or that are jointly controlled or affected by them significantly. The following are the balances and movements resulting from related party transactions:

The bank has entered into transactions with major shareholders, members of the board of directors and senior management within the bank's regular activities, using interest rates and commercial commissions. All credit facilities granted to related parties are considered functional and no provisions have been taken for them, except for what is mentioned below:

The group has entered into transactions with the parent company, sister companies, executive management and the subsidiary company within the normal activities of the bank and by using interest rates and the commercial commissions, that all credit facilities granted to the relevant authorities are considered operational and no provision has been taken for them.

The details for this item are as follow:

Parent and Sister companies	Related parties			Total	
	Executive management	Bank's employees	Board of Directors	March 31, 2021	December 31, 2020
				(Reviewed)	(Audited)
JD	JD	JD	JD	JD	JD
-	1,763,167	10,131,298	7,149	11,901,614	11,645,658
11,196,448	-	-	-	11,196,448	11,987,761
38,033,183	-	-	-	38,033,183	37,452,830
-	2,136,726	2,015,679	1,528,748	5,681,153	5,524,875
4,963,000	-	-	-	4,963,000	3,190,500
34,960,942	-	-	-	34,960,942	41,549,882
3,345,328	-	-	-	3,345,328	3,815,790
7,090,000	-	-	-	7,090,000	7,090,000
10,635,000	-	-	-	10,635,000	32,018,000

Position Items:

Credit facilities
Balance at banks and financial institutions
Banks and financial institutions deposits
Customers' deposits
Borrowed funds

Letters of quarantine

Letters of guarantee
Letters of credit
Interest rate swap contracts
Currency swap contracts

Interest and commission income.

Interest and commission expense

- Interest rates on credit facilities range between 3% to 8.872% while interest rates on customers' deposits range between 0.05% to 4.5%.
- In addition to what was disclosed in the above table, the total balance of credit facilities granted to related parties in the bank amounted to JD 4,298,070 and they counted 129 clients against acceptable guarantees amounted to JD 2,086,277. The interest rates payable on credit facilities range from 2% to 14% Commission rates range from 0.5% to 1%.

Benefits and compensations of the senior management of the bank is as follows:

	For the Three-Months Ended as of March 31,	
	2021 (Reviewed) JD	2020 (Reviewed) JD
Salaries and bonuses	<u>590,864</u>	<u>534,429</u>

25. Capital adequacy ratio

In addition to the subscribed capital, the capital includes statutory reserve, voluntary reserve, share premium, retained earnings, fair value reserve, general banking risk reserve, and treasury stocks.

The bank is committed to apply the regulators requirements regarding the capital adequacy and as follow:

1. Central Bank of Jordan instructions that capital adequacy ratio is kept at a minimum of 12%
2. Comply with the minimum limit set for paid up capital for Jordanian Banks at JD 100 million.
3. The Bank's investments in stocks and shares which should not exceed 50% of the subscribed capital.
4. The ratio of credit limits (credit concentration) to regulatory capital.
5. The Banks and Companies laws related to the deduction of the statutory reserve of 10% of the Bank's profit before tax.

	March 31, 2021 (Reviewed) Thousands JD	December 31, 2020 (Audited) Thousands JD
Common Equity Shareholder Rights		
Paid-up capital	110,000	110,000
Retained earnings less proposed dividends	19,302	16,524
Cumulative change in fair value of financial assets	4,454	4,705
Share premium	67	67
Statutory reserve	28,380	28,380
Voluntary reserve	197	197
Total Capital of Common Stock	162,400	159,873
Regulatory amendments (deduction from capital)		
Goodwill and intangible assets	(1,436)	(1,520)
Deferred tax assets	(9,153)	(9,227)
Total Primary Capital	151,811	149,126
Additional capital		
Total Capital (Tier1)	151,811	149,126
General banking risk reserve / stage (1) IFRS 9	5,174	5,002
Total Supporting Capital	5,174	5,002
Total Regulatory Capital	156,985	154,128
Total Risk Weighted Assets	790,462	765,466
Capital adequacy ratio (%)	19.86%	20.14%
Primary Capital adequacy Ratio (%)	19.21%	19.48%

26. Contingent Liabilities and Commitments

This item consists of the following:

	March 31, 2021 (Reviewed) JD	December 31, 2020 (Audited) JD
Letters of credit:		
Import LCs	34,342,430	24,908,517
Export LCs	21,790,490	13,806,852
Acceptances	5,985,236	3,085,746
Letters of guarantee:		
Payments	23,098,224	22,140,259
Performance	52,321,919	51,652,717
Other	21,155,663	26,011,435
Unutilized limits	48,063,786	42,902,284
Total	206,757,748	184,507,810

27. Lawsuits raised against the bank

The lawsuits raised against the Bank amounted to JD 4,394,174 as of March 31, 2021 (JD 4,394,174 as of December 31, 2020). According to the management and legal advisor opinion, no material liability will arise as a result of these lawsuits in excess of the amounts already provided for which amounted to JD 688,414 as of March 31, 2021 and December 31, 2020.

28. Fair value levels

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

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

	Fair value		The Level of Fair Value	Evaluation Method and Inputs	Significant Unobservable Inputs	Relationship of Unobservable Inputs to Fair Value
	March 31, 2021 (reviewed)	December 31, 2020 (audited)				
	JD	JD				
Financial assets						
Financial Assets at Fair Value Through other comprehensive income:						
Bonds	124,487,871	124,959,607	Level 2	According to the latest available financial information	N/A	N/A
Quoted Shares in active markets	8,232,424	8,242,593	Level 1	Quoted prices in financial markets	N/A	N/A
Unquoted Shares in active markets	2,396,962 135,117,257 135,117,257	2,368,267 135,570,467 135,570,467	Level 2	According to the latest available financial information	N/A	N/A
Total Financial Assets at Fair Value						
Unrealized gains on financial assets	14,165	85,468	Level 2	According to the latest available financial information	N/A	N/A
Financial Liabilities						
Unrealized losses on financial derivatives	260,860	372,812	Level 2	According to the latest available financial information	N/A	N/A
Total Financial Liabilities at Fair Value						

- There were no transfers between level 1 and level 2 during the period ended March 31, 2020.

b. The fair value of the financial assets and financial liabilities that don't have specific fair value on an ongoing basis

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

The fair value of the financial instruments does not significantly differ from its booked value.

29. Impact of Covid

The coronavirus ("COVID") pandemic has spread across various geographies globally, causing disruption to business and economic activities. COVID 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 outbreak may have on its operations and financial performance.

The Bank has performed an assessment of COVID 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 noted that there are no changes to policies, estimates and judgments during the period ended on March 31, 2021:

a. Expected credit losses

The uncertainties caused by COVID, have required the Bank to update the inputs and assumptions used for the determination of ECLs during the first quarter of 2021. 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 (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 on the qualitative and quantitative factors when determining the significant increase in credit risk and assessing the indicators of impairment loss for sectors which may be affected. The Bank hedged against these claims through preparing macro-economic overlay on the credit facility portfolio during the first quarter of the year 2021.

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 Bank's financial and non-financial assets and these are considered to represent management's best assessment based on observable information.

c. Deferred installments and customer credit ratings

Based on the Central Bank of Jordan Circular number 10/3/4375 and 10/3/14960 issued on March 15, 2020 and November 22, 2020 to the banks operating in Jordan, the bank postponed the instalments due or that would be due on some customers without considering this as a restructuring and without affecting the customer credit rating, the postponed instalments amounted to around JD 2 million during the period ended at 31 March 2021 (60 million during the year 2020).

30. Approval on Consolidated Interim Condensed Financial Information

The consolidated interim condensed financial information was approved by the bank board of directors on April 27, 2021.