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

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
TOGETHER WITH THE INDEPENDENT
AUDITOR'S REPORT

ARAB BANKING CORPORATION (JORDAN)
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
DECEMBER 31, 2021

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Deloitte & Touche (M.E.)
Jabal Amman, 5th Circle
190 Zahran Street
Amman, P.O. Box 248
Jordan

Tel: +962 (0) 6 550 2200
Fax: +962 (0) 6 550 2210
www.deloitte.com

INDEPENDENT AUDITOR'S REPORT

AM/ 003305

To the Shareholders
Arab Banking Corporation (Jordan)
(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 Arab Banking Corporation (Jordan) (the "Bank") and its subsidiary (together the "Group"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year and notes to the consolidated 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 Group as of December 31, 2021, and its consolidated financial performance and its cash flows for the year 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 (ISA). 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 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 statement are a translation of the original consolidated financial statements, which are in the Arabic language, to which reference should be made.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current 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.

For each matter below, our description of how our audit addressed the matter is provided in that context.

Key Audit Matters	How Our Audit Addressed the Key Audit Matter
1. Impairment of carrying value of the credit facilities in accordance with IFRS 9	
The Group's credit facilities are stated in the statement of financial position at JD 693 million as at December 31, 2021. The expected credit loss (ECL) allowance was JD 61 million as at this date, which comprised an allowance of JD 16 million against Stage 1 and 2 exposures and an allowance of JD 45 million against exposures classified under Stage 3. The audit of the impairment of credit facilities is a key area of focus because of their size (representing around 56% of total assets) and due to the significance of the estimates made and judgments applied in classifying credit facilities into various stages, and determining related allowance requirements and the complexity of the judgements, assumptions, and estimates used in the Expected Credit Loss models. Refer to Note (2) to the consolidated financial statements for the accounting policy, Note (4) for critical judgements and estimates used by management, and Note (40) for disclosures about credit risk. The Group recognizes allowances for expected credit losses (ECLs) at an amount equal to 12-month ECL (Stage 1) or full lifetime ECL (Stage 2). A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. It is compared to the ECL amount calculated according to the instructions of the Central Bank of Jordan, and the higher of the two amounts is recorded after excluding credit exposures with/guaranteed by the Jordanian government, or any other special arrangements with the Central Bank of Jordan.	We obtained a detailed understanding of the Group's credit facilities and financing, investing assets business processes, and the accounting policies, including the critical accounting estimates and judgments used. We have involved our subject matter experts to assist us in auditing the IFRS 9 ECL models as at December 31, 2021. We tested the design, implementation, and operating effectiveness of the relevant controls which included testing: • System-based and manual controls over the timely recognition of impaired credit facilities and financing and investing assets and advances; • Controls over the ECL calculation models; • Controls over collateral valuation estimates; • Controls over governance and approval process related to impairment provisions and ECL Models, including continuous reassessment by the management.

Key Audit Matters

ECLs 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 Group under the contract and the cash flows that the Group expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's effective profit rate. The Group employs statistical models for ECL calculations, and the key variables used in these calculations are probability of default (PD), loss given default (LGD) and exposure at default (EAD), which are defined in Note (40) to the consolidated financial statements.

The Corporate portfolio of credit facilities and Investing assets is assessed individually for the significant increase in credit risk (SICR) and measurement of ECL. This requires management to capture all qualitative and quantitative reasonable and supportable forward-looking information while assessing SICR, or while assessing credit-impaired criteria for the exposure. Management's judgement may also be involved in manual staging override in accordance with the Group's policies.

The measurement of ECL amounts for retail exposures classified as Stage 1 and Stage 2 are calculated using manual models.

Retail exposures are classified as impaired as soon as there is doubt about the borrower's ability to meet payment obligations to the Group in accordance with the original contractual terms.

Impaired credit facilities are measured on the basis of the present value of expected future cash flows including observable market price or fair value of the collateral. The impairment loss is calculated based on the shortfall in the credit facilities carrying value compared to the net present value of future cash flows using the original effective profit rate after comparing it with the ECL amount calculated according to the instructions of the Central Bank of Jordan and recording the higher of the two amounts, excluding credit exposures with or guaranteed by the Jordanian government, and any other special arrangements with the Central Bank of Jordan. The factors considered when determining impairment losses on individually assessed accounts include the customer's aggregate borrowings, risk rating, value of the collateral, probability of successful repossession, and the costs involved to recover the debts.

How Our Audit Addressed the Key Audit Matter

We understood and evaluated the theoretical soundness of the ECL model by involving our subject matter experts to determine its compliance with the minimum requirements of the standard. We also tested the mathematical integrity of the ECL model by performing recalculations. We determined if the ECL amount recorded was according to the instructions of the Central Bank of Jordan, and the higher of the two amounts is recorded after excluding credit exposures with or guaranteed by the Jordanian government, or any other special arrangements with the Central Bank of Jordan. We assessed the consistency of various inputs and assumptions used by the Group's management to determine impairment.

For allowances against exposures classified as Stage 1 and Stage 2, we obtained an understanding of the Group's methodology to determine the allowance, assessed the reasonableness of the underlying assumptions and the sufficiency of the data used by the management. We assessed the appropriateness of the Group's determination of significant increase in credit risk and the resultant basis for classification of exposures into various stages. For samples of exposures, we checked the appropriateness of the Group's staging.

For forward-looking assumptions used by the Group's management in its ECL calculations, we held discussions with management and corroborated the assumptions using publicly available information.

We selected samples of credit facilities and investing assets and assessed the accuracy of the Exposure at Default (EAD), appropriateness of the Probability of Default (PD) and calculations of the Loss Given Default (LGD) used by management in their ECL calculations.

For exposures determined to be individually impaired, we tested samples of credit facilities, and examined management's estimate of future cash flows, assessed their reasonableness and assessed the resultant allowance calculations. Further, we challenged the estimates and assumptions used by management around the LGD calculation for individually impaired exposures by testing the enforceability and adequacy of valuation of underlying collaterals and estimated recovery on default.

We assessed the accuracy of disclosures in the consolidated financial statements to determine if they were in compliance with the requirements of IFRSs.

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Key Audit Matters	How Our Audit Addressed the Key Audit Matter
As disclosed in Note (47) 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 Group'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 Group 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 Group made amendments to the expected credit loss calculation models (including management overlays) 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 cash flow forecasts.	We obtained an understanding of the amendments made by the Group to the expected credit loss calculation as a result of the COVID-19 pandemic. We assessed those amendments by evaluating the model adjustments in relation to macroeconomic factors and forward-looking scenarios, which were incorporated into the impairment calculations, by utilizing our internal specialists to challenge the chosen scenarios and weights applied to capture non-linear losses. 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 have tested, utilizing our internal IT specialists, the IT application used in the credit impairment process and have verified the integrity of data used as input to the models, including the transfer of data between source systems and the impairment models. We have evaluated system-based and manual controls over the recognition and measurement of the allowance for expected credit loss, including the consideration of the economic disruptions caused by COVID 19.
2. 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 for fraud and error as a result of change to an application or underlying data.	Our audit approach relies on automated controls, and therefore, the following procedures were designed to test access and control over IT systems. We tested IT general controls relevant to automated controls and computer-generated information covering access security, program changes, data center and network operations. We reviewed 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.

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Other Information

Management is responsible for other information. The other information consists of information provided in the annual report other than the consolidated financial statements and the related auditor's report. We expect that the annual report will be provided to us after the date of our report. Our opinion on the consolidated financial statements does not include 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group ("The Company and its subsidiaries") to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and implementation of the Group's 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 communicate with them about all relationships and other matters that may reasonably be thought to bear on our independence, and, where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

The Group maintains proper 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.

Deloitte & Touche

Amman – Jordan
February 28, 2022

Deloitte & Touche (M.E.) – Jordan

Deloitte & Touche (M.E.)
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ARAB BANKING CORPORATION (JORDAN)

(PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	December 31, 2021	December 31, 2020
		JD	JD
Assets:			
Cash and balances at the Central Bank of Jordan	5	55,272,058	52,217,487
Balances at banks and financial institutions	6	57,218,887	89,979,061
Deposits at banks and financial institutions	7	23,978,806	7,343,135
Direct credit facilities-net	8	693,329,197	649,941,932
income	9	135,633,909	135,570,467
Financial assets at amortized cost	10	139,314,408	126,843,748
Financial assets at amortized cost - Mortgaged	11	51,926,112	62,631,159
Property and equipment - net	12	32,969,697	30,037,561
Intangible assets - net	13	1,556,131	1,519,806
Right of use assets	14	2,826,245	2,844,640
Deferred tax assets	21/B	9,067,586	9,226,618
Other assets	15	26,938,190	15,445,012
Total Assets		1,230,031,226	1,183,600,626
Liabilities and Owners' Equity			
Liabilities:			
Banks and financial institutions deposits	16	144,058,639	157,160,531
Customers’ deposits	17	722,694,875	684,291,947
Margin accounts	18	52,762,184	51,320,703
Loans and borrowings	19	103,527,869	93,484,141
Sundry provisions	20	3,378,824	3,545,381
Income tax provision	21/A	7,256,848	6,456,452
Deferred tax liabilities	21/B	2,337,442	3,076,163
Lease contracts liabilities	14	2,762,365	2,755,325
Other liabilities	22	22,897,585	21,633,675
TOTAL LIABILITIES		1,061,676,631	1,023,724,318
Owners' Equity			
Bank shareholders' equity:			
Issued and paid-in capital	23	110,000,000	110,000,000
Additional paid-in capital	23	66,943	66,943
Statutory reserve	24	29,892,408	28,379,747
Voluntary reserve	24	197,281	197,281
Fair value reserve	25	3,570,478	4,705,107
Retained earnings	26	24,627,485	16,527,230
TOTAL OWNERS' EQUITY		168,354,595	159,876,308
TOTAL LIABILITIES AND OWNERS' EQUITY		1,230,031,226	1,183,600,626

THE ACCOMPANYING NOTES FROM (1) TO (47) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE AUDIT REPORT.

ARAB BANKING CORPORATION (JORDAN)

(PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	For the Year Ended December 31, 2021	2020
		JD	JD
Interest income	28	63,194,422	62,282,196
Interest expense	29	(26,429,725)	(28,504,057)
Net Interest Income		36,764,697	33,778,139
Net commission income	30	3,720,565	3,335,686
Net Interest and Commission Income		40,485,262	37,113,825
Gain from foreign currencies	31	959,729	826,498
Gain from financial assets at fair value through other comprehensive income	32	4,000	31,875
Other income - Net	33	3,511,635	3,464,660
Total Income		44,960,626	41,436,858
Expenses			
Employees' expenses	34	14,709,596	13,335,076
Depreciation and amortization	12, 13, 14	2,363,275	2,356,293
Other expenses	35	7,648,575	7,828,465
Provision for expected credit loss on financial assets	27	4,773,802	13,115,650
Impairment provision for assets seized by the Bank	15	100,661	-
Sundry provisions	20	238,103	593,884
Total expenses		29,834,012	37,229,368
Profit for the period before income tax expense		15,126,614	4,207,490
Income tax expense	21/A	(5,524,190)	(2,985,277)
Profit for the Year		9,602,424	1,222,213
		Fills/JD	Fills/JD
Basic and diluted earnings per share for the period attributable to the Bank's Shareholders	36	0.087	0.011

THE ACCOMPANYING NOTES FROM (1) TO (47) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE AUDIT REPORT.

ARAB BANKING CORPORATION (JORDAN)

(PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the Year Ended December 31,	
	2021	2020
	JD	JD
Profit for the year	9,602,424	1,222,213
Other comprehensive income items which may be reclassified to profit or loss in the subsequent year:		
Net Change in valuation reserve of financial assets at fair value through comprehensive income after tax – Debt Instruments	(1,419,561)	1,649,183
Gain (loss) in the fair value of derivatives	116,143	(109,197)
Items not to be subsequently transferred to statement of profit or loss:		
Net Change in valuation reserve of financial assets at fair value through comprehensive income after tax – Equity Instruments	168,789	221,813
Total Comprehensive Income for the Year	8,467,795	2,984,012

THE ACCOMPANYING NOTES FROM (1) TO (47) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE AUDIT REPORT.

ARAB BANKING CORPORATION (JORDAN)

(PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

	Issued and Paid-in Capital	Additional Paid-in Capital	Reserves			Retained Earnings	Total
			Statutory	Voluntary	Fair Value		
For the Year Ended December 31, 2021	JD	JD	JD	JD	JD	JD	JD
Beginning balance for the year	110,000,000	66,943	28,379,747	197,281	4,705,107	16,527,230	159,876,308
Total comprehensive income	-	-	-	-	(1,134,629)	9,602,424	8,467,795
Gain from the sale of financial assets through OCI	-	-	-	-	-	10,492	10,492
Transferred to reserves	-	-	1,512,661	-	-	(1,512,661)	-
Ending Balance for the Year	110,000,000	66,943	29,892,408	197,281	3,570,478	24,627,485	168,354,595
For the Year Ended December 31, 2020							
Beginning balance for the year	110,000,000	66,943	27,958,998	197,281	2,943,308	15,725,766	156,892,296
Total comprehensive income	-	-	-	-	1,761,799	1,222,213	2,984,012
Transferred to reserves	-	-	420,749	-	-	(420,749)	-
Ending Balance for the Year	110,000,000	66,943	28,379,747	197,281	4,705,107	16,527,230	159,876,308

- An amount of JD 9,067,586 as of December 31, 2021 is restricted from retained earnings (JD 9,226,618 as of December 31, 2020), which represents deferred tax assets, which represents the negative fair value reserve according to the instructions of the Jordan Securities Commission and the Central Bank of Jordan . instructions.

- Included in retained earnings is an amount of JD2,761 as of December 31, 2021 (JD 2,761 as of 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 (47) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE AUDIT REPORT.

ARAB BANKING CORPORATION (JORDAN)

PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the Year Ended December 31, 2021	2020
Operating Activities:		JD	JD
Profit before income tax		15,126,614	4,207,490
Adjustments for non-cash items			
Depreciation and amortization	12,13,14	2,363,275	2,356,293
Provision for expected credit loss on financial assets	27	4,773,802	13,115,650
Impairment provision for assets seized by the Bank	15	100,661	-
(Gain) from sale of assets seized by the Bank		-	(34,630)
Accrued interests		2,344,765	(4,296,516)
(Gain) Loss from disposal of property and equipment		(2,195)	4,929
Sundry provisions expense		238,103	593,884
Provisions of lands available for sale		-	153,116
Exchange rate fluctuation effect on cash and cash equivalents		140,292	(349,724)
Cash flows from operating activities before changes in assets and liabilities		25,085,317	15,750,492
Changes in assets and liabilities:			
(Increase) in deposits at banks and financial Institutions maturing after three months		(16,639,515)	(4,739,261)
(Increase) in direct credit facilities		(48,588,646)	(42,334,381)
(Increase) decrease in other assets		(13,434,291)	17,295,151
Increase in customers' deposits		38,402,928	17,930,912
Increase in margin accounts		1,441,481	1,896,626
Increase (decrease) in other liabilities		752,668	(2,508,123)
Net Cash Flows (used in) from Operating Activities before income tax		(12,980,058)	3,291,416
Income tax paid	21	(4,608,066)	(1,137,194)
Sundry provisions paid	20	(404,660)	(488,952)
Net Cash Flows (used in) from Operating Activities		(17,992,784)	1,665,270
Investing Activities			
(Purchase) of financial assets at amortized cost	10	(23,003,697)	(54,043,169)
Matured and sale financial assets at amortized cost and amortized cost - mortgaged		21,249,735	37,032,784
(Purchase) of financial assets at fair value through comprehensive income		(39,036,351)	(13,140,711)
Matured and Sale of financial assets at fair value through comprehensive income		36,972,320	29,421,630
(Purchase) of property and equipment		(4,223,729)	(8,850,638)
Proceeds from sale of property and equipment		5,176	321
(Increase) of intangible assets		(476,532)	(262,020)
Net Cash Flow (used in) Investing Activities		(8,513,078)	(9,841,803)
Financing Activities			
Dividends paid to shareholders		(28,347)	(16,655)
Increase (decrease) in borrowed funds		10,043,728	35,617,827
Net Cash Flows from Financing Activities		10,015,381	35,601,172
Net (decrease) increase in cash and cash equivalents		(16,490,481)	27,424,639
Exchange rate fluctuation effect on cash and cash equivalents		(140,292)	349,724
Cash and cash equivalents - Beginning of the year		(14,928,943)	(42,703,306)
Cash and cash equivalents - Ending of the Year	37	(31,559,716)	(14,928,943)
Non Cash Transactions:			
Transferred from project under construction to property plant and equipment		17,161,749	-

THE ACCOMPANYING NOTES FROM (1) TO (47) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE AUDIT REPORT.

1. General Information

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

The Bank provides banking services through its head office in Amman and its 24 branches in Jordan and the subsidiary company.

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

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

The Group's Board of Directors approved the consolidated financial statements for issuance on 24 February 2022 These financial statements are subject to the approval of the General Assembly of Shareholders.

2. Significant Accounting Policies:

Basis of Preparation

- The accompanying consolidated financial statements of the Bank and its subsidiary are prepared in accordance with the International Accounting Standards Board (IASB), the interpretations issued by the International Financial Reporting Interpretation Committee of the IASB, the prevailing rules of the countries where the Bank operates, and the instructions of 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:

  a. Provisions for expected credit losses are calculated in accordance with IFRS (9) and the Central Bank of Jordan's, whichever is tougher. The material differences are as follows:

     - Elimination of debt instrument issued or guaranteed by the Jordanian government, in addition to other credit exposures with the Jordanian government or guaranteed, in which credit exposures over the Jordanian government are ammended and guaranteed without any 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 and the toughest results are taken.

     - In some special cases Central Bank of Jordan agrees on special arrangements related to the calculation of the expected credit losses' provision of direct credit facilities customers over the determined period.

     - The clients facilities related to governmental projects outcomes (transfers of Government dues) are excluded from provisions calculation.

     - Based on the two circulars of the Central Bank of Jordan to banks operating in Jordan No. 10/3/4375 and No. 10/3/14960 issued on March 15, 2020, and November 22, 2020, respectively. Therefore, it is permissible for the bank to postpone the instalments due, or which are due on some customers without consideration is structuring and without affecting the customer's credit rating.

b. Interest and commissions on non-performing credit facilities granted to clients are suspended, in accordance with the instructions of the Central Bank of Jordan.

c. Assets foreclosed to the Bank are shown in the consolidated statement of financial position, among other assets at their current value when it foreclosed to the Bank or at their fair value, whichever is lower. Furthermore, they are revaluated on the date of the consolidated financial statements separately, and any decrease in its value is recorded in the consolidated statement of profit or loss and consolidated comprehensive income while no increase in its value is recorded as revenue, in which, any subsequent increase is taken to the consolidated statement of profit or loss and other comprehensive income to the extent of not exceeding the previously recorded impairment value. A gradual provision has been taken for real estate acquired in exchange for debts according to the Central Bank of Jordan's generalization (10/1/16239) dated November 21, 2020, which is 5% of the total book value of these real estates from the year of 2021 until the required percentage is reached (50% of these properties by the end of the year 2030).

- Additional provisions are calculated in the consolidated financial statements against some of the Bank's external investments in some neighboring countries.

- The consolidated financial statements are prepared under the historical cost convention, except for financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, and financial derivatives stated at fair value as of the date of the consolidated financial statements. Furthermore, hedged financial assets and financial liabilities are stated at fair value.

- 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, 2020, except for the effect of what is stated in Note (3 – a & 3 – b).

- <u>Basis of Consolidation of the Financial Statements</u>
- The accompanying consolidated 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 revenue.

- 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 Bank's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Bank;
- 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.

- 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 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 December 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 41,745,394 and total liabilities to JD 17,333,410 as at December 31, 2021. Moreover, its total revenues amounted to JD 3,825,824 and total expenses to JD 2,012,511, for the year ended December 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 Bank's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Bank, 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.

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 interests represent the portion not owned by the Bank relating to 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 (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 the 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 as at fair value through the statement of Profit or Loss is included within the fair value movement during the year.

The effective interest rate (EIR) is the rate that exactly 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.

The interest income/ interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the 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 EIR to the amortized cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)).

For financial assets originated or purchased credit-impaired (POCI), the EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset.

Interest income and expense in the Group'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.

Net commission income

Fee and commission income and expense include fees other than those that are an integral part of EIR. The fees stated in this part of the Group'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.

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 consolidated statement of Profit or Loss depends on the classification and measurement of the equity investment:

- For equity instruments which are held for trading, dividend income is presented in the statement of Profit or loss within gain (loss) of the financial assets at fair value through profit or loss;
- For equity instruments designated at fair value through other comprehensive income, dividend income is presented in the statement of Profit or loss within dividends from financial assets through OCI; and
- For equity instruments not designated 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, customers loans and facilities are recognized once they are recorded to the customers account.

Recognized financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through the statement of 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 attributable to the acquisition of financial assets or financial liabilities at fair value through the statement of Profit or Loss are recognized immediately in profit or loss.

If the transaction price differs from the 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 profit or loss);and

- In all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to the 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 at fair value through the statement of Profit or Loss. Transaction costs directly attributable to the acquisition of financial assets classified as at fair value through the statement of 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; and

- 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 the statement of 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 for 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 Profit or Loss, 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 SPPI 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 SPPI 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 and the interest on the base outstanding amount which comply with the primary funding arrangement. Moreover, 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 SPPI. 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. In this regard, 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. Furthermore, 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. In addition, 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, and 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. For the current and prior reporting period, the Bank has not identified any change in its business models.

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 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 OCI is not subsequently reclassified to 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 the Statement of Profit or Loss
Financial assets at fair value through the statement of Profit or Loss are:

- Assets with contractual cash flows that are not SPPI; 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 the statement of 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 statement of profit or loss.

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. During the current financial year and previous accounting period, there has been no change in the business model under which the Bank holds financial assets; and therefore, no reclassifications have been made. 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 Profit or Loss; and
- 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 the statement of 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 the statement of 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 an accounting mismatch;

- If the financial liabilities are part of a portfolio managed on a fair value basis, according to a documented risk management or investment strategy; or

- If there is a derivative included in the primary financial or non-financial contract, and the derivative is not closely related to the primary contract.

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

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 Profit or Loss:
- Balances and deposits at banks and financial institutions.
- Direct credit facilities (loans and advances to customers).
- Financial assets at amortized cost (debt instruments 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), ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that results from those default events on the financial instrument that are possible to happen within 12 months after the reporting date (referred to as Stage 1); or

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

ECLs 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 Group under the contract and the cash flows that the Group expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

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

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

The Bank measures ECL 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 EIR, regardless of whether it is measured on an individual basis or a collective basis.

When calculating ECL against exposures, the calculation results as per IFRS (9) are compared with those according to the Central Bank of Jordan's Instructions No. (47/2009) dated December 10, 2009 for each stage separately. Moreover, the most severe results are taken, and the debt instruments issued by the Jordanian government or guaranteed by it, in addition to any other credit exposures with the Jordanian government or guaranteed by it, are excluded from the calculation.

<u>Credit-impaired Financial Assets</u>
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; or
- 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. In this regard, 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 sovereign and 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 from their due date, the assets are supported by reasonable information.

Purchased or Originated Credit-impaired (POCI) Financial Assets
POCI financial assets are treated differently because the asset has a credit-impaired at initial recognition. For these assets, the Bank recognizes all changes in the lifetime expected credit loss (ECL) since initial recognition as a loss allowance with any changes recognized in the statement of profit or loss. A favorable change for such assets creates an impairment gain.

Definition of Default
Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs 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 ECL.

The Bank does not consider that the financial assets with 'low' credit risk at the reporting date does not 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 represent 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, and in which it is obtained from the economic experts reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations. In addition, various internal and external sources of actual and forecast economic information are considered. For retail lending, forward-looking lending information includes the same economic forecasts as corporate lending with additional forecasts of local economic indicators, particularly for regions with a concentration to certain industries, as well as internally generated information of customer payment 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 a significant increase in credit risk and is based on the change in lifetime PD by comparing:

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

The PDs used are forward looking, and the Bank uses the same methodologies and data used to measure the loss allowance for ECL.

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

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

As a back-stop when an asset's maturity exceeds (30) days, 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 a lifetime expected credit loss (ECL) balance.

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 the 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. In most cases, the revised terms 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 applicable to 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, and 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 case the financial asset is derecognized, the loss allowance for ECL 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 ECL 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 nominal amount because there remains a high risk of default which has not been reduced by the modification. The Bank monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

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

- The remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.
- The remaining lifetime PD 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 PD 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 ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behavior following modification leading to a reversal of the previous significant increase in credit risk.

Where a 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 ECL allowance). Then the Bank measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Bank 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 the 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 any 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 has been recognized in OCI and accumulated in equity is recognized in profit or loss, with the exception of equity investment designated as measured at fair value through other comprehensive income, where the cumulative gain/loss previously recognized in OCI is not subsequently reclassified to profit or loss.

<u>Write-off</u>
Financial assets are written off when the Bank has no reasonable expectations of recovering them, such as failure by the customer to participate in a payment plan with the Bank. Moreover, the Bank classifies funds or amounts due to be written off after all possible means of payment have been exhausted. However, if the financing is/receivables are written off, the Bank continues its enforcement activity in an attempt to recover the due receivables, which are recognized in the consolidated statement of Profit or Loss upon recovery.

<u>Presentation of Allowance for ECL in the Consolidated Statement of Financial Position</u>
Loss allowances for ECL are presented in the 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 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 ECL on the loan commitment component separately from those on the drawn component: the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

<u>Financial Liabilities and Equity</u>
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 Group'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 statement of Profit or Loss on the purchase, sale, issue or cancellation of the Bank's 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 Company'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. Moreover, non-closed related embedded derivatives, if any, are separated first with the remainder of the financial liability being recorded on an amortized 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 the statement of Profit or Loss or 'other financial liabilities'.

Financial liabilities at Fair Value through the Statement of Profit or Loss

Financial liabilities are classified 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 the statement of 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 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 the statement of 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 OCI, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in profit or loss. Moreover, changes in fair value attributable to a financial liability's credit risk recognized in OCI are not subsequently reclassified to 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 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 profit or loss, the Bank assesses whether it expects that the effects of changes in the liability's credit risk will be offset in profit or loss by a change in the fair value of another financial instrument measured at fair value through the statement of Profit or Loss.

<u>Other Financial Liabilities</u>
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 EIR 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 EIR, see the "net interest income section" above.

<u>Derecognition of Financial Liabilities</u>
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.

<u>Derivative Financial Instruments</u>
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 profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in 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 as a non-current asset or a non-current 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 as current assets or current liabilities.

<u>Embedded Derivatives</u>
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 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 current assets or current liabilities.

<u>Financial Guarantee Contracts</u>
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 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 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.

<u>Commitments to Provide a Loan at a Below-Market Interest Rate</u>
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 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 in full.

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 OCI, over the term of the hedge, to the extent that it relates to the hedged item and is reclassified from equity to 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. This means that the amount of the original time value of the option that relates to the hedged item is amortized from equity to 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 OCI.

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 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 OCI. 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 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 profit or loss instead of OCI. 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 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 EIR 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 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 OCI, limited to the cumulative change in fair value of the hedged item from inception of the hedge less any amounts recycled to profit or loss.

Amounts previously recognized in OCI and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects 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 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 where 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 OCI and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in 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 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 OCI 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 profit or loss in the same way as exchange differences relating to the foreign operation as described above.

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	15– 20
Vehicles	15
Computer	20– 25
Lease Hold Improvement	9 – 10

When the recoverable amount of any property and equipment is less than its net book value, its carrying amount is written down to its recoverable amount, and the amount of impairment is recognized in the consolidated 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.

Projects under construction include the value of the work in progress and the expenses of the related departments, and they are charged with their related direct costs and the costs deferred until completion of the project.

Payments for the purchase of property and equipment.

Fair value

Fair value is defined as the price at which an asset is to be sold or paid to conver 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 levels (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 (1) inputs:	Inputs derived from quoted (unadjusted) prices of identical assets or liabilities in active markets that an enterprise can obtain on the measurement date;
Level (2) inputs:	Inputs derived from data other than quoted prices used at level (1) and observable for assets or liabilities, either directly or indirectly; and
Level (3) inputs:	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 both probable and can be reliably measured.

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 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 Hashemite Kingdom of Jordan.

Deferred tax is the tax expected to be paid or recovered due to temporary differences between the assets or liabilities in the consolidated financial statements and the value on which the tax profit is calculated. Deferred taxes are calculated using the commitment method of the consolidated statement of financial position. Deferred taxes are calculated based on the tax rates expected to be applied when the tax liability is settled or the deferred tax asset is realized.

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.

Paid-up Capital

Cost of issuing or purchasing Bank’s shares

Any costs arising from the issue or purchase of the Bank's shares are charged to retained earnings net of the tax effect of such costs, if any. If the issuance or purchase process is not completed, these costs are recognized as an expense in the consolidated statement of Profit or Loss.

Managed Accounts for Customers
The accounts managed by the Bank on behalf of the customers are not considered assets of the Bank. Fees and commissions for managing such accounts are presented in the consolidated statement of Profit or Loss. A provision is booked for impairment of portfolios that are managed for the benefit of customers on their capital.

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

Revenue Recognition and Recognition of Expenses
Income and expense recognition are recognized on an accrual basis except of the interest and commission on non-performing credit facilities that are not recognized as income and are credited to suspended interest and commissions.

Commissions are recognized as a revenue when rendering related services, and the companies' shares earnings are recognized when realized (Approved by the General Assembly of Shareholders).

Date of Recognition of Financial Assets
The purchase and sale of financial assets are recognized on the trade date (date of the Bank's commitment to sell or buy financial assets).

Financial Derivatives and Hedge Accounting
Hedge Financial Derivatives
For hedge accounting purposes, financial derivatives are stated at fair value, and hedges are classified as follows:

- **Fair value hedges:** These represent hedging the risk of the change in the fair value of the Bank's assets and liabilities.

  In case the effective fair value hedges are effective, profits and losses arising from the valuation of a hedging instrument at fair value, and from the change in the fair value of the hedged asset or liability, are recognized in the consolidated statement of Profit or Loss.

  In the case of effective portfolio hedge conditions, profits or losses arising from revaluation of the hedging instrument are recognized at fair value, and the fair value of the asset or liability portfolio is recognized in the consolidated statement of Profit or Loss in the same period.

- **Cash flows hedges:** These represent hedging the risk of the changes in the cash flows of the Bank's current and expected assets and liabilities.

  In the case of effective cash flow hedge conditions, the profits or losses on a hedging instrument is recognized in the consolidated statement of comprehensive income and in equity, and is transferred to the consolidated statement of Profit or Loss in the period in which the hedged transaction affects the consolidated statement of Profit or Loss.

Hedging for net investment in foreign units:
In case hedge conditions apply to net investment in foreign units, the fair value of the hedging instrument is measured against the hedged net assets. If the relationship is effective, the effective portion of the profits or losses on the hedging instrument is recognized in the consolidated statement of comprehensive income and in shareholders' equity, and the ineffective portion is recognized in the consolidated statement of Profit or Loss. Moreover, the effective portion is recognized in the consolidated statement of Profit or Loss when the investment in the foreign investee is sold.

- For hedges that do not qualify for effective hedging, gains or losses arising from changes in the fair value of the hedging instrument are recognized in the consolidated statement of Profit or Loss in the same period.

<u>Derivatives for Trading</u>
The fair value of derivative financial instruments held for trading (such as future foreign exchange contracts, future interest contracts, swaps contracts, foreign exchange rate option rights) is recognized in the consolidated statement of financial position. Moreover, fair value is determined at the prevailing market prices. If these prices are not available, the assessment method should be mentioned, and the amount of changes in fair value should be recognized in the consolidated statement of Profit or Loss.

<u>Repurchase and Resale Agreements</u>
- 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 lined 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.

Assets Seized by the Bank Against Debts

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. According to the Central Bank of Jordan Circular No. 10/3/13246 dated September 2, 2021, 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 2022, untill the required percentage of 50% is reached by the end of 2030.

Intangible Assets

- Intangible assets acquired through business combinations 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 lives. 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 Profit or Loss statement.

- Internally generated intangible assets are not capitalized, but rather expensed in the consolidated Profit or Loss statement.

- 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.

- Other intangible assets consist of computer software, and key-money is amortized using the straight -line method at an annual rate of 20%.

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 stand-alone financial statements of the Bank's subsidiaries are prepared. Moreover, the stand-alone financial statements of each entity of the Group are presented in the functional currency with 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 and denominated in foreign currencies are translated at the exchange rates at the date the fair value is 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 Profit or Loss statement and reclassified from equity to the Profit or Loss 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. The resulting exchange differences, if any, are recognized in the consolidated statement of other comprehensive income and stated 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 results 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 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.

<u>Leases</u>
Leases are classified as finance leases when the terms of the lease provide for substantially all the risks and rewards of ownership of the lessee. All other leases are classified as operating leases.

<u>Lease Contracts</u>
<u>The Bank as a Lessee</u>
The Bank assesses whether the contract contains lease when starting the contract. Moreover, the Bank recognizes the right-of-use assets and the corresponding lease obligations in relation to all lease arrangements to which the lessee is a party, except for short-term lease contracts (defined as leases of 12 months or less) and low-value asset leases. 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, and is discounted 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

- Payment of 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.

Subsequently, lease obligations are 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-of-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 for 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-of-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-of-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-of-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.

<u>The Bank as a Lessor</u>
The Bank enters into lease contracts as a lessor regarding some investment properties.

Leases in which the Bank is a 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 a 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.

The Bank as a Lessor

Under finance lease contracts, the amounts due from the lessee are recognized as receivables at the net investment amount in the lease contracts. Moreover, the finance lease income is allocated to accounting periods to reflect a constant periodic return on the net investment as regards rental leases.

Operating lease income is recognized using the straight-line method over the life of the lease. The initial direct costs incurred in the discussion and arrangement of the operating contract are added to the carrying amount of the leased assets and recognized in accordance with the straight-line method over the lease term.

The Bank as a Lessee

Assets acquired through leases are recognized on initial recognition at their fair value at the inception of the lease or at the present value of the minimum lease payments, whichever is lower. Financial leasing liabilities are recorded at the same value. These obligations are presented in the statement of financial position as finance lease liabilities.

The lease payments are distributed between the financing expenses and the decreasing of the financial lease liabilities in order to achieve a fixed rate of interest on the remaining balance of the lease liabilities. Direct financing expenses are recognized in the consolidated statement of profit or loss.

Operating lease payments are recognized as an expense on a straight-line basis over the life of the lease, except in situations there is another regular basis that is more representative of the time pattern in which the economic benefits are utilized from the leased asset. Moreover, contingent lease payments arising from operating leases are recognized as an expense in the period in which they are incurred. In the event that lease incentives are received to enter into an operating lease, these incentives are recognized as an obligation. The overall interest of incentives is recognized as a reduction in the lease expense on a straight-line basis, unless there is a systematic basis that is more representative of the time pattern in which economic benefits from the leased assets are utilized.

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.

3. Adoption of new and revised Standards

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the previous year except for the following new and amended IASB Standards during the year.

a. New and amended IFRS Standards that are effective for the current year

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2021, have been adopted in these consolidated financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Interest Rate Benchmark Reform

In the prior year, the Group adopted the Phase 1 amendments Interest Rate Benchmark Reform—Amendments to IFRS 9/IAS 39 and IFRS 7. These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments are amended as a result of the interest rate benchmark reform.

In the current year, the Group adopted the Phase 2 amendments Interest Rate Benchmark Reform—Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Adopting these amendments enables the Group to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk-free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements.

Both the Phase 1 and Phase 2 amendments are not relevant to the Group because the Group has no financial instrument linked to IBOR.

The amendments also introduce new disclosure requirements to IFRS 7 for hedging relationships that are subject to the exceptions introduced by the amendments to IFRS 9.

During the year 2021, the group identified the financial instruments that may be impacted as a result of the Interest Rate Benchmark Reform. The Group completed the process of enhancement a banking system related to the IBOR transition, noting that the system became ready for implementing the new interest rate benchmark , whether on the loans or financial derivatives levels. The Group determined the action plan regarding the IBOR transition for all outstanding contracts, which includes a gradual transition and according to the date of the account review from January 1, 2022 until the end of Jun 2023 (for contracts in US dollars), while all the fallback language was included in all outstanding contracts until the transition to the Alternate Reference Rate (ARR).

The group agreed to use the Interest rate benchmark reform as a basis to pricing all the new contracts starting from 1/1/2022 and approve the legal documentation for the new contracts where the Interest rate benchmark as a basis for pricing. Noting that the Bank has implemented many workshops for the Relationship Managers (RMs) and to those involved in the transition process to the Alternate Reference Rate (ARR). The group policies and work procedures have been reviewed to ensure that they have been updated (if needed) in the matter of the transition to the ARR.

The total derivative contracts for which the interest rate benchmark is expected to be modified in the future amounted to around JD 7M as of December 31, 2021, and as for the exposure of the non- derivative contracts it amounted to around JD 72M as of December 31, 2021. The impact of the expected amendments on the interest rates benchmark have been studied and there was no material impact on the amounts and disclosures included in the consolidated financial statements for both the Phase 1 and Phase 2 amendments as the group does not have material financial instruments linked to IBOR.

COVID-19-Related Rent Concessions beyond June 30, 2021 - Amendment to IFRS 16

In the prior year, the Group early adopted Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provided practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. This practical expedient was available to rent concessions for which any reduction in lease payments affected payments originally due on or before June 30, 2021.

In March 2021, the Board issued *Covid-19-Related Rent Concessions beyond June 30, 2021 (Amendment to IFRS 16)* that extends the practical expedient to apply to reduction in lease payments originally due on or before June 30, 2022.

The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession applying IFRS 16 as if the change were not a lease modification

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change
- Any reduction in lease payments affects only payments originally due on or before 30 June 2022 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022)
- There is no substantive change to other terms and conditions of the lease

Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements as the Group did not have any leases impacted by the amendment.

b. Standards issued but not effective

At the date of authorization of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

New and revised IFRSs	Effective date
IFRS 17 Insurance Contracts (including the June 2020 amendments to IFRS 17) IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees. In June 2020, the Board issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after January 1, 2023. At the same time, the Board issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after January 1, 2023. For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.	**The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.**

New and revised IFRSs	Effective date
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.	**The effective date is yet to be set. Earlier application is permitted.**
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or noncurrent is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.	**The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, with early application permitted.**
Amendments to IFRS 3 – Reference to the Conceptual Framework The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.	**The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after January 1, 2022. Early application is permitted if an entity also applies all other updated references.**

New and revised IFRSs	Effective date
Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories. The amendments also clarify the meaning of 'testing whether an asset is functioning properly. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost. The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.	**January 1, 2022, with early application permitted.**
Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract 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 consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and 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). The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.	**January 1, 2022, with early application permitted.**

New and revised IFRSs	Effective date
IFRS 1 First-time Adoption of International Financial Reporting Standards The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16 (a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16 (a).	**January 1, 2022, with early application permitted.**
IFRS 9 Financial Instruments The amendment clarifies that in applying the '10 per cent' test to assess 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. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.	**The amendment is effective for annual periods beginning on or after January 1, 2022, with early application permitted.**
IFRS 16 Leases The amendment removes the illustration of the reimbursement of leasehold improvements.	**As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.**
IAS 41 Agriculture The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement. The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.	**January 1, 2022, with early application permitted.**
Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.	**January 1, 2023, with earlier application permitted and are applied prospectively.** **The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.**

New and revised IFRSs	Effective date
The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.	
Amendments to IAS 8 - Definition of Accounting Estimates The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications: • A change in accounting estimate that results from new information or new developments is not the correction of an error • The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors The Board added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The Board has deleted one example (Example 3) as it could cause confusion in light of the amendments.	**January 1, 2023, with earlier application permitted**
Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease. Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12. The Board also adds an illustrative example to IAS 12 that explains how the amendments are applied.	**January 1, 2023, with earlier application permitted**

New and revised IFRSs	Effective date
The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises: • A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with: - Right-of-use assets and lease liabilities - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset • The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.	

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the consolidated financial statements of the Group in the period of initial application.

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's 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:

Signification Judgement for the Implementation of the Bank's accounting policies

The following are the key judgements, other than the estimates (disclosed below), which has been used by the management in the implementation of the Bank's accounting policies that has a significant impact on the recognized amounts in the consolidated financial statements.

Evaluation of the business model

The classification and measurement of financial assets depend on the results of the principal, 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 (40).

Establishing 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 risks 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 (40). 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 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 Tier 1 inputs, the Bank conducts evaluations using professionally qualified independent evaluators. Moreover, 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.

<u>Determining the duration of the lease</u>

When determining the duration of the lease, management takes into account all the facts and circumstances that create an economic incentive 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 assured that it will 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.

<u>Key Sources of Uncertainty Estimates</u>

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:

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

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 engines and how these affect each other.

<u>Probability of default</u>

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.

<u>Loss given default</u>

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 financer expects to collect, taking into account cash flows from collateral and integrated credit adjustments.

<u>Fair value measurement and valuation procedures</u>

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.

<u>Provision for expected credit losses</u>

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 risk 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 (40).

Impairment of Seized Assets

Impairment in the 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. Furthermore, any decrease in its value is recorded in the consolidated statement of profit or loss and consolidated comprehensive income while no increase in its value is recorded as revenue.

A gradual provision has been taken for real estate acquired in exchange for debts according to the Central Bank of Jordan's generalization (10/1/16239) dated November 21, 2020, which is 5% of the total book value of these real estates from the year of 2021 until the required percentage is reached (50% of these properties by the end of the year 2030).

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 income tax expense in accordance with accounting regulations, laws, and standards. Moreover, deferred tax assets, liabilities, and provision are recognized.

Provision for lawsuits

A provision for lawsuits is taken to meet any legal obligations that might arise based on the legal study prepared by the Bank's legal advisor. The study identifies risks that might occur in the future and is reviewed periodically.

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.

Lease Extension and Termination Options

Extension and termination options are included in a number of leases. These conditions are used to increase operational flexibility in terms of contract management. Most of the held extension and termination options are renewable by both the Bank and the lessor.

Discounting rental payments

Lease payments are discounted using the Bank's incremental borrowing rate ("IBR"). Management applied the judgments and estimates to determine the incremental borrowing rate at the start of the lease

Listing the Future Outlook Information:

The Bank's management uses the future available information without any unjustified effort or cost for their evaluation on the significant increase in the credit risk, in addition during its measure for the expected credit losses indicator. The Bank uses the external and internal information to prepare the basic scenario for the future expectations of the related economic variables, including a presentable group of the other probable expectation scenario. The used external information includes the economic data and the expectations issued by the governmental bodies and the monetary authorities.

The Bank management conducts the expectations on the determined expected scenarios. The base scenario which is the only most likely result that includes the information used for strategic planning and budgeting. The Bank has determined and documented the main indicators for the credit risks and credit losses related to each financial instrument, noting that using statistical analysis of the historical data it has estimated the relationship between the macroeconomics, credit risks, and the credit losses.

The Bank has redeveloped the macroeconomic models to solve the limitations identified in the previous models using an efficient macroeconomic model. The group has determined and documented the main macroeconomic factors which lead to a change in the payment default rates for each financial instrument. The Banks has used the macroeconomic data and expectations which was issued by the governmental and monetary authorities such as the Central Bank of Jordan, the International Monetary Fund, and the National Bank to merge the future outlook information in the probability of default model for each scenario.

The expected relationships between the key macroeconomic factors and the payment default rates for the concerned financial instruments based on the historical data analysis for the prior five years period. The models are controlled and reviewed to ensure from its adequacy as at the end of each report period.

The table below summarizes the key macroeconomic factors included in the economic scenarios used on December 31, 2021 for the years from 2022 to 2026, for the Hashemite Kingdom of Jordan, which is the main country in which the Bank operates, and therefore it is the country which has a significant impact on the expected credit losses.

Expected change rate in the Gross Domestic Product (GDP)	2022	2023	2024	2025	2026
	%	%	%	%	%
Base scenario	1.74	4.11	6.54	9.16	11.94
Downside scenario	4.81	8.04	10.47	12.94	15.76
Upside scenario	(2.37)	(1.34)	1.05	3.90	6.63

Expected change rate in Owner’s Equity (Share Price)	2022	2023	2024	2025	2026
	%	%	%	%	%
Base scenario	0.68	(0.23)	1.73	4.99	7.34
Downside scenario	9.96	8.51	9.13	10.01	11.81
Upside scenario	(17.35)	(10.63)	(3.99)	0.75	3.59

The Bank has conducted a sensitivity analysis for the corporate facilities portfolio on how the expected credit losses change for the major portfolios if the main assumptions for the calculation of the change of the expected credit losses by 5% has been used. The table below summarizes the total expected credit losses for each portfolio as of December 31, 2021, in case those assumptions remain as expected (the amounts as it has been presented in the consolidated statement of financial position), in addition if all of these used main assumptions change by 5% increasingly or decreasingly. The changes are applied individually, and it is applied on each weighted scenario based on the probabilities used to estimate the expected credit losses for stage one and stage 2. In fact, there will be a correlation between different economic data, and the exposure to sensitivity will vary with the variation of the economic scenarios.

2021	Balances and deposits at Banks and Financial Institutions	Financial assets at fair value through other comprehensive income	Financial assets at amortized cost	Direct credit facilities	Indirect credit facilities (contingent liabilities)	Other asset
	JD	JD	JD	JD	JD	JD
Gross Domestic Product (GDP)						
5%	10,270	2,082	6,868	5,216,549	443,956	108
(5)%	14,487	4,048	10,596	6,032,612	625,534	108
Owners' Equity						
5%	11,644	2,830	7,703	5,279,645	477,884	105
(5)%	12,087	2,830	8,881	5,774,013	551,700	112

5. Cash and Balances at the Central Bank of Jordan

The details of this item are as follows:

	December 31, 2021	December 31, 2020
	JD	JD
Cash on hand	5,854,467	6,694,630
Balances at central banks:		
Current accounts and demand deposits	7,152,768	13,020,146
Statutory cash reserve	35,264,823	32,502,711
Term deposits	7,000,000	-
Cash and balances at Central Bank of Jordan	49,417,591	45,522,857
Total Balances	55,272,058	52,217,487

- The cash reserve amounted to JD 35,264,823 as of December 31, 2021 (JD 32,502,711 as of December 31, 2020).

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

- There are no deposit certificates for more than 3 months as of December 31, 2021 and December 31, 2020.

- The movement on cash and balances at central banks during the year:

	2021				2020
	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Balance - beginning of the year	45,522,856	-	-	45,522,856	60,607,832
New balances during the year	3,894,733	-	-	3,894,733	-
Settled balances	-	-	-	-	(15,084,975)
Balance - End of the Year	49,417,589	-	-	49,417,589	45,522,857

6. Balances at Banks and Financial Institutions

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,	
Description	2021	2020	2021	2020	2021	2020
	JD	JD	JD	JD	JD	JD
Current accounts and demand deposits	113,669	575	23,030,284	24,723,523	23,143,953	24,724,098
Deposits maturing within or less than 3 months	21,786,730	35,450,000	12,296,182	29,840,003	34,082,912	65,290,003
Total	21,900,399	35,450,575	35,326,466	54,563,526	57,226,865	90,014,101
Provision for expected credit loss	(5,984)	(29,120)	(1,994)	(5,920)	(7,978)	(35,040)
Net	21,894,415	35,421,455	35,324,472	54,557,606	57,218,887	89,979,061

- Non-interest bearing balances at banks and financial institutions amounted to JD 5,955,544 as of December 31, 2021 (JD 4,951,278 as of December 31, 2020).

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

The movement on balances at banks and financial institutions as follows:

	2021				2020
	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Balance - beginning of the year	89,979,061	-	-	89,979,061	59,264,917
New balances during the year	6,177,094	-	-	6,177,094	62,981,365
Balances settled during the year	(38,929,290)	-	-	(38,929,290)	(32,232,181)
Total	57,226,865	-	-	57,226,865	90,014,101
Provision for expected credit losses	(7,978)	-	-	(7,978)	(35,040)
Balance at year-end	57,218,887	-	-	57,218,887	89,979,061

Disclosures on the provision for impairment loss:

	December 31, 2021				2020
	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Balance - beginning of the year	35,040	-	-	35,040	2,808
Impairment loss on new balances and deposits during the year	7,978	-	-	7,978	35,040
Reversed from impairment loss on settled balances	(35,040)	-	-	(35,040)	(2,808)
Transferred to stage (1)	-	-	-	-	-
Transferred to stage (2)	-	-	-	-	-
Transferred to stage (3)	-	-	-	-	-
Effect on the provision- as at year-end due to transfers between stages	-	-	-	-	-
Effect of adjustment	-	-	-	-	-
written-off balances and deposits	-	-	-	-	-
Changes due to rates of exchange	-	-	-	-	-
Total balance as at year-end	-	-	-	-	-
Balance – End of the Year	7,978	-	-	7,978	35,040

7. Deposits at Banks and Financial Institutions

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,	
	2021	2020	2021	2020	2021	2020
	JD	JD	JD	JD	JD	JD
Description						
Deposits maturing from 3 months to 6 months	-	-	15,952,500	7,343,135	15,952,500	7,343,135
From 6 months to 9 months	-	-	-	-	-	-
From 9 months to 12 months	-	-	8,030,150	-	8,030,150	-
Total	-	-	23,982,650	7,343,135	23,982,650	7,343,135
Provision for impairment loss	-	-	(3,844)	-	(3,844)	-
Net of Deposits at Banks and Financial Institutions	-	-	23,978,806	7,343,135	23,978,806	7,343,135

- The following represents the movement on deposits at banks and financial institutions :

	December 31, 2021				2020
	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Balance – beginning of the year	7,343,135	-	-	7,343,135	2,603,874
New deposits during the year	23,982,650	-	-	23,982,650	7,343,135
Deposits settled during the year	(7,343,135)	-	-	(7,343,135)	(2,603,874)
Balance - End of the Year	23,982,650	-	-	23,982,650	7,343,135

- The following represents the movement on the provision at Banks and financial Institutions:

	December 31, 2021				2020
	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Balance – beginning of the year	-	-	-	-	-
New deposits during the year	3,844	-	-	3,844	-
Settled Deposits	-	-	-	-	-
Balance - End of the Year	3,844	-	-	3,844	-

8. Direct Credit Facilities at Amortized Cost - Net

The details of this item are as follows:

	December 31, 2021	December 31, 2020
	JD	JD
Individuals (retail)		
overdraft *	25,992,294	23,108,211
Loans and bills **	351,947,836	302,087,344
Credit cards	3,844,485	3,830,702
Mortgage loans	68,314,219	72,118,408
Corporates		
Overdrafts *	70,826,444	81,537,727
Loans and bills **	175,746,958	181,620,076
Small to Medium Enterprises "SME's"		
Overdrafts *	5,271,851	4,888,584
Loans and bills **	20,723,245	20,694,534
Government and Public Sector **	49,098,506	30,119,417
Total	771,765,838	720,005,003
Less: Interest in suspense	(17,340,134)	(14,149,904)
Less: Expected credit loss	(61,096,507)	(55,913,167)
Direct Credit Facilities at Amortized Cost - Net	693,329,197	649,941,932

* Net after deducting the interest and commissions received in advance which amounted to JD 13,480 as of December 31, 2021 (JD 14,183 as of December 31, 2020).

** Net after deducting interest and commissions received in advance which amounted to JD 82,935 as of December 31, 2021 (JD 80,669 as of December 31, 2020).

- The non performing credit facilities within stage (3) amounted to JD 66,258,023 which equates to 8.585% the total direct credit facilities as of December 31, 2021 (JD 62,889,091, which equates to 8.735% of the t direct credit facilities as of December 31, 2020).

- The non performing credit facilities after deducting interest in suspense amounted to JD 48,917,889 which equates to 6.484% of the total direct credit facilities after deducting interests in suspense as of December 3 2021 (JD 48,739,187 which equates to 6.905% of the total direct credit facilities after deducting interests in suspense as as of December 31, 2020).

- The total credit facilities granted to and guaranteed by the Jordanian government amounted to JD 49,098,5(which equates to 6.362% of the total direct credit facilities as at December 31, 2021 (JD 30,119,417, which equates to 4.183% of the total direct credit facilities as at December 31, 2020).

The movement on credit facilities:

	December 31, 2021						December 31, 2020
	Stage (1)		Stage (2)				
	Individual	collective	Individual	collective	Stage (3)	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	215,656,551	354,271,541	57,982,731	29,205,089	62,889,091	720,005,003	674,261,072
New credit facilities during the year	61,517,986	178,915,914	19,106,832	2,520,469	4,176,828	266,238,029	234,251,213
Settled credit facilities	(58,625,478)	(125,459,760)	(17,805,089)	(4,661,002)	(6,685,894)	(213,237,223)	(180,820,277)
Transferred to stage (1)	8,016,996	7,919,275	(8,016,996)	(7,397,342)	(521,933)	-	-
Transferred to stage (2)	(2,567,971)	(6,701,879)	2,567,971	6,901,770	(199,891)	-	-
Transferred to stage (3)	-	(1,274,806)	(1,553,372)	(4,320,927)	7,149,105	-	-
Effect of adjustment	(562,588)	(431,771)	133,130	170,541	(383,473)	(1,074,161)	(7,448,178)
Written-off credit facilities	-	-	-	-	(165,810)	(165,810)	(238,827)
Balance - End of the Year	223,435,496	407,238,514	52,415,207	22,418,598	66,258,023	771,765,838	720,005,003

The movement on impairment loss collectively as of the year end:

	December 31, 2021						December 31, 2020
	Stage (1)		Stage (2)				
	Individual	collective	Individual	collective	Stage (3)	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	2,243,122	1,958,144	6,870,848	2,362,843	42,478,210	55,913,167	42,545,193
New credit facilities during the year	615,909	1,100,495	5,591,945	471,730	2,109,460	9,889,539	13,869,131
Settled credit facilities during the year	(1,161,725)	(823,329)	(1,687,879)	(776,430)	(2,625,346)	(7,074,709)	(4,429,287)
Transferred to stage (1)	61,114	26,122	(61,114)	(22,379)	(3,743)	-	-
Transferred to stage (2)	(105,942)	(670,067)	105,942	690,344	(20,277)	-	-
Transferred to stage (3)	-	(885,753)	(1,322,762)	(2,013,980)	4,222,495	-	-
Effect on total exposures due to change in the classification between stages	76,194	1,513,112	646,391	945,198	(794,345)	2,386,550	3,900,201
Written-off exposures	-	-	-	-	(18,040)	(18,040)	27,929
Balance - End of the Year	1,728,672	2,218,724	10,143,371	1,657,326	45,348,414	61,096,507	55,913,167

The following is the movement on the impairment of direct credit facilities:

	Retail	Real Estate	Corporates: Large corporate	Corporates: SME's	Government and Public Sector	Total
For the Year ended December 31, 2021	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	20,260,675	724,144	32,824,783	2,103,565	-	55,913,167
Impairment loss on the new credit facilities during the year	2,155,396	59,846	7,398,414	275,882	-	9,889,538
Interest transferred from income	(2,653,241)	(191,191)	(3,749,659)	(480,617)	-	(7,074,708)
Transferred to stage (1)	(1,258,483)	(8,621)	(35,334)	(9,494)	-	(1,311,932)
Transferred to stage (2)	(810,279)	(44,985)	(1,194,795)	(83,139)	-	(2,133,198)
Transferred to stage (3)	2,068,762	53,606	1,230,129	92,633	-	3,445,130
Effect on the provision as of the period end - due to change in the classification between the three stages during the period	1,748,939	(25,621)	581,020	82,212	-	2,386,550
Adjustments due to changes	-	-	-	-	-	-
Written-off loans	(18,040)	-	-	-	-	(18,040)
Balance at the End of the Year	21,493,729	567,178	37,054,558	1,981,042	-	61,096,507
For the Year ended December 31, 2020						
Balance at the beginning of the year	18,445,617	563,231	21,765,141	1,662,281	108,923	42,545,193
Impairment loss on the new credit facilities during the year	2,306,292	164,106	10,839,190	559,542	-	13,869,130
Interest transferred from income	(1,968,978)	(128,764)	(2,052,797)	(113,966)	(108,923)	(4,373,428)
Transferred to stage (1)	(953,246)	(100,406)	(28,571)	(14,115)	-	(1,096,338)
Transferred to stage (2)	(663,959)	56,176	(3,176,969)	14,086	-	(3,770,666)
Transferred to stage (3)	1,617,205	44,230	3,205,540	29	-	4,867,004
Effect on the provision as of the period end - due to change in the classification between the three stages during the period	1,505,673	125,571	2,273,249	(4,292)	-	3,900,201
Adjustments due to changes	-	-	-	-	-	-
Written-off loans	(27,929)	-	-	-	-	(27,929)
Balance at the End of the Year	20,260,675	724,144	32,824,783	2,103,565	-	55,913,167

The provisions no longer needed due to settlements or debts payment and transferred against other debts amounted to JD 2,684,260 as of December 31, 2021 (JD 1,867,845 as of December 31, 2020).

Interest in Suspense

The following is the movement on interest in suspense:

	Retail	Real Estate	Corporates: Large corporate	Corporates: SME's	Total
For the year 2021	JD	JD	JD	JD	JD
Balance at the beginning of the year	7,874,768	322,459	4,986,869	965,808	14,149,904
Add: Suspended interests during the year	1,519,969	64,333	2,626,285	133,503	4,344,090
less: interest transferred from income	(511,344)	-	(465,121)	(29,625)	(1,006,090)
Written-off interest in suspense	(145,598)	-	(2,172)	-	(147,770)
Balance at the Ending of the Year	8,737,795	386,792	7,145,861	1,069,686	17,340,134
For the year 2020					
Balance at the beginning of the year	6,995,654	238,862	2,748,638	729,271	10,712,425
Add: Suspended interests during the year	1,426,377	87,614	2,329,856	241,601	4,085,448
less: interest transferred from income	(363,264)	-	(69,103)	(4,704)	(437,071)
Written-off interest in suspense	(183,999)	(4,017)	(22,522)	(360)	(210,898)
Balance at the Ending of the Year	7,874,768	322,459	4,986,869	965,808	14,149,904

The following are the credit exposures according to IFRS (9):

As of December 31, 2021

According to the IFRS (9)

	Stage (1)			Stage (2)			Stage (3)			Total		
	Direct Credit Facilities	Provision for Expected Credit	Interest in Suspense	Direct Credit Facilities	Provision for Expected Credit	Interest in Suspense	Direct Credit Facilities	Provision for Expected Credit	Interest in Suspense	Direct Credit Facilities	Provision for Expected Credit	Interest in Suspense
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Retail	342,524,406	(2,174,273)	-	11,162,745	(1,435,195)	-	28,097,464	(17,884,261)	(8,737,795)	381,784,615	(21,493,729)	(8,737,795)
Real Estate Loans	57,518,235	(34,175)	-	9,542,785	(66,680)	-	1,253,199	(466,323)	(386,792)	68,314,219	(567,178)	(386,792)
Large Corporate Entities	164,219,747	(1,661,553)	-	48,536,746	(10,161,997)	-	33,816,909	(25,231,008)	(7,145,861)	246,573,402	(37,054,558)	(7,145,861)
SME's	17,313,116	(77,395)	-	5,591,529	(136,825)	-	3,090,451	(1,766,822)	(1,069,686)	25,995,096	(1,981,042)	(1,069,686)
Government and Public Sector	49,098,506	-	-	-	-	-	-	-	-	49,098,506	-	-
	630,674,010	(3,947,396)	-	74,833,805	(11,800,697)	-	66,258,023	(45,348,414)	(17,340,134)	771,765,838	(61,096,507)	(17,340,134)

As of December 31, 2020

According to the IFRS (9)

	Stage (1)			Stage (2)			Stage (3)			Total		
	Direct Credit Facilities	Provision for Expected Credit	Interest in Suspense	Direct Credit Facilities	Provision for Expected Credit	Interest in Suspense	Direct Credit Facilities	Provision for Expected Credit	Interest in Suspense	Direct Credit Facilities	Provision for Expected Credit	Interest in Suspense
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Retail	291,356,914	(1,918,739)	-	12,772,095	(1,994,952)	-	24,897,248	(16,346,984)	(7,874,768)	329,026,257	(20,260,675)	(7,874,768)
Real Estate Loans	56,105,620	(24,285)	-	14,827,633	(264,059)	-	1,185,155	(435,800)	(322,459)	72,118,408	(724,144)	(322,459)
Large Corporate Entities	174,884,718	(2,145,790)	-	55,319,310	(6,855,090)	-	32,953,775	(23,823,903)	(4,986,869)	263,157,803	(32,824,783)	(4,986,869)
SME's	17,461,423	(112,452)	-	4,268,782	(119,590)	-	3,852,913	(1,871,523)	(965,808)	25,583,118	(2,103,565)	(965,808)
Government and Public Sector	30,119,417	-	-	-	-	-	-	-	-	30,119,417	-	-
	569,928,092	(4,201,266)	-	87,187,820	(9,233,691)	-	62,889,091	(42,478,210)	(14,149,904)	720,005,003	(55,913,167)	(14,149,904)

The distribution of total facilities according to the Bank's internal credit rating for retails is:

	2021						2020
	Stage (1) Individual	Stage (1) Collective	Stage (2) Individual	Stage (2) Collective	Stage (3) Individual	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Credit rating categories based on the Bank's internal system:							
1	-	13,904,509	-	49,808	-	13,954,317	11,412,492
2	-	-	-	-	-	-	-
3	-	1,015,952	-	8,421	-	1,024,373	1,467,193
4	-	24,176,531	-	268,579	-	24,445,110	29,229,217
5	-	273,142,122	-	2,828,582	-	275,970,704	223,666,233
6	-	29,968,858	-	2,221,673	-	32,190,531	32,221,805
7	-	255,951	-	5,431,997	-	5,687,948	5,647,602
8	-	60,483	-	353,685	-	414,168	484,467
9	-	-	-	-	1,166,885	1,166,885	1,316,868
10	-	-	-	-	2,829,992	2,829,992	736,301
11	-	-	-	-	24,100,587	24,100,587	22,844,079
Total	-	342,524,406	-	11,162,745	28,097,464	381,784,615	329,026,257

The movement on the retail facilities is as follows:

	2021						2020
	Stage (1)		Stage (2)				
	Individual	Collective	Individual	Collective	(3) Stage	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	-	291,356,914	-	12,772,095	24,897,248	329,026,257	287,909,320
New exposures during the year	-	171,171,997	-	1,689,135	1,125,698	173,986,830	152,018,897
Settled exposures during the year	-	(116,673,355)	-	(2,965,226)	(1,197,058)	(120,835,639)	(108,990,113)
Transferred to stage (1)	-	3,550,643	-	(3,028,710)	(521,933)	-	-
Transferred to stage (2)	-	(5,298,260)	-	5,498,151	(199,891)	-	-
Transferred to stage (3)	-	(1,253,607)	-	(3,286,904)	4,540,511	-	-
Effect on total exposures due to change in the classification between stages	-	(329,926)	-	484,204	(383,473)	(229,195)	(1,699,919)
Effect of adjustment	-	-	-	-	-	-	-
Written off exposures	-	-	-	-	(163,638)	(163,638)	(211,928)
Balance - End of the Year	-	342,524,406	-	11,162,745	28,097,464	381,784,615	329,026,257

The movement on provision for credit loss for retail credit facilities is as follows:

	2021						2020
	Stage (1)		Stage (2)				
	Individual	Collective	Individual	Collective	(3) Stage	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	-	1,918,739	-	1,994,952	16,346,984	20,260,675	18,445,617
Impairment losses on the new exposures during the year	-	1,088,142	-	337,231	730,023	2,155,396	2,306,292
Recovered from impairment losses on the paid exposures during the year	-	(814,087)	-	(639,083)	(1,200,071)	(2,653,241)	(1,968,978)
Transferred to stage (1)	-	23,526	-	(19,783)	(3,743)	-	-
Transferred to stage (2)	-	(660,259)	-	680,536	(20,277)	-	-
Transferred to stage (3)	-	(884,344)	-	(1,959,386)	2,843,730	-	-
Effect on the impairment losses due to change in the classification between stages	-	1,502,556	-	1,040,728	(794,345)	1,748,939	1,505,673
Effect on the provision due to adjustment	-	-	-	-	-	-	-
Impairment loss on the written off exposures	-	-	-	-	(18,040)	(18,040)	(27,929)
Balance of the Provision for Expected Credit Losses at Year End	-	2,174,273	-	1,435,195	17,884,261	21,493,729	20,260,675

The distribution of total facilities according to the Bank's internal credit rating for real estates:

	2021						2020
	Stage (1) Individual	Stage (1) Collective	Stage (2) Individual	Stage (2) Individual	Stage (3) Individual	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Credit rating categories based on the bank's internal system:							
1	-	1,793,039	-	84,274	-	1,877,313	1,901,751
2	-	-	-	-	-	-	-
3	-	1,466,340	-	42,467	-	1,508,807	2,099,220
4	-	5,109,967	-	105,676	-	5,215,643	5,793,107
5	-	42,927,515	-	1,173,209	-	44,100,724	44,911,490
6	-	6,221,374	-	6,026,709	-	12,248,083	14,219,215
7	-	-	-	2,110,450	-	2,110,450	1,834,695
8	-	-	-	-	-	-	173,775
9	-	-	-	-	21,199	21,199	57,891
10	-	-	-	-	88,904	88,904	-
11	-	-	-	-	1,143,096	1,143,096	1,127,264
Total	-	57,518,235	-	9,542,785	1,253,199	68,314,219	72,118,408

The movement on the real estates facilities is as follows:

	2021						2020
	Stage (1)		Stage (2)				
	Individual	Collective	Individual	Collective	(3) Stage	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Exposures balance - beginning of the year	-	56,105,620	-	14,827,633	1,185,155	72,118,408	75,441,342
New exposures during the year	-	5,724,314	-	115,530	34,902	5,874,746	5,239,085
Settled exposures during the year	-	(7,153,668)	-	(1,695,776)	(282,191)	(9,131,635)	(8,158,488)
Transferred to stage (1)	-	4,368,632	-	(4,368,632)	-	-	-
Transferred to stage (2)	-	(1,403,619)	-	1,403,619	-	-	-
Transferred to stage (3)	-	(21,199)	-	(294,134)	315,333	-	-
Effect on total exposure due to change in the classifications between stages	-	(101,845)	-	(445,455)	-	(547,300)	(399,514)
Effect of adjustment	-	-	-	-	-	-	-
Written-off exposures	-	-	-	-	-	-	(4,017)
Adjustments due to change in exchange rates	-	-	-	-	-	-	-
Exposures Balance - End of the Year	-	57,518,235	-	9,542,785	1,253,199	68,314,219	72,118,408

The movement on provision for credit loss for real estates is as follows:

	2021						2020
	Stage (1)		Stage (2)				
	Individual	Collective	Individual	Collective	(3) Stage	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	-	24,285	-	264,059	435,800	724,144	563,231
Impairment losses on new exposures during the year	-	9,716	-	-	50,130	59,846	164,106
Recovered from impairment losses on matured paid exposures during the year	-	(1,761)	-	(116,217)	(73,213)	(191,191)	(128,764)
Transferred to stage (1)	-	2,596	-	(2,596)	-	-	-
Transferred to stage (2)	-	(9,808)	-	9,808	-	-	-
Transferred to stage (3)	-	(1,409)	-	(52,197)	53,606	-	-
Effect on total exposure due to change in the classifications between stages	-	10,556	-	(36,177)	-	(25,621)	125,571
Effect of adjustment on the resulted provision	-	-	-	-	-	-	-
Impairment loss on the written off exposures	-	-	-	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-	-	-	-
Balance of the provision Expected Credit Losses at Year End	-	34,175	-	66,680	466,323	567,178	724,144

The distribution of total facilities according to the Bank's internal credit rating for Corporates:

	2021						2020
	Stage (1) Individual	Stage (1) Collective	Stage (2) Individual	Stage (2) Individual	Stage (3) Individual	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Credit rating categories based on the bank's internal system:							
1	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-
5	24,835,638	-	-	-	-	24,835,638	40,626,965
6	181,286,627	-	13,850,700	-	-	195,137,327	183,327,783
7	115	7,195,873	9,048,118	1,713,067	-	17,957,173	13,357,020
8	-	-	23,924,861	-	-	23,924,861	23,011,677
9	-	-	-	-	739,889	739,889	2,700,780
10	-	-	-	-	-	-	5,672,554
11	-	-	-	-	33,077,020	33,077,020	24,580,441
Total	206,122,380	7,195,873	46,823,679	1,713,067	33,816,909	295,671,908	293,277,220

The movement on the Corporate facilities for is as follows:

	2021						2020
	Stage (1)		Stage (2)				
	Individual	Collective	Individual	Collective	(3) Stage	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Exposures balance - beginning of the year	198,195,144	6,808,991	53,713,948	1,605,362	32,953,775	293,277,220	291,383,369
New exposures during the year	54,412,033	2,019,619	16,246,485	715,802	2,832,158	76,226,097	65,924,423
Settled exposures during the year	(51,576,757)	(1,632,737)	(16,146,599)	-	(4,083,216)	(73,439,309)	(59,257,513)
Transferred to stage (1)	7,883,423	-	(7,883,423)	-	-	-	-
Transferred to stage (2)	(2,158,505)	-	2,158,505	(739,889)	739,889	-	-
Transferred to stage (3)	-	-	(1,376,475)	-	1,376,475	-	-
Effect on total exposure due to change in the classifications between stages	(632,958)	-	111,238	131,792	-	(389,928)	(4,750,537)
Effect of adjustment	-	-	-	-	-	-	-
Written-off exposures	-	-	-	-	(2,172)	(2,172)	(22,522)
Adjustments due to change in exchange rates	-	-	-	-	-	-	-
Exposures Balance - End of the Year	206,122,380	7,195,873	46,823,679	1,713,067	33,816,909	295,671,908	293,277,220

The movement on provision for credit loss for Corporate is as follows:

	2021						2020
	Stage (1)		Stage (2)				
	Individual	Collective	Individual	Collective	(3) Stage	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	2,130,670	15,120	6,751,262	103,828	23,823,903	32,824,783	21,874,064
Impairment losses on new exposures during the year	579,706	2,639	5,523,149	134,500	1,158,420	7,398,414	10,839,190
Recovered from impairment losses on paid exposures during the year	(1,092,245)	(7,481)	(1,644,962)	(21,130)	(983,841)	(3,749,659)	(2,161,720)
Transferred to stage (1)	60,795	-	(60,795)	-	-	-	-
Transferred to stage (2)	(96,129)	-	96,129	(2,397)	2,397	-	-
Transferred to stage (3)	-	-	(1,230,129)	-	1,230,129	-	-
Effect on the impairment losses due to change in the classifications between stages	68,478	-	571,895	(59,353)	-	581,020	2,273,249
Effect of adjustment on the resulted provision	-	-	-	-	-	-	-
Impairment loss on the written off exposures	-	-	-	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-	-	-	-
Balance of the Provision for Expected Credit Losses at Year End	1,651,275	10,278	10,006,549	155,448	25,231,008	37,054,558	32,824,783

The distribution of total facilities according to the Bank's internal credit rating for Small to Medium entities (SME's) is as follows

	2021						2020
	Stage (1) Individual	Stage (1) Collective	Stage (2) Individual	Stage (2) Individual	Stage (3) Individual	Total	Total
	JD	JD	JD	JD	JD		
Credit rating categories based on the bank's internal system:							
1	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-
5	612,348	-	-	-	-	612,348	2,973,987
6	16,700,768	-	1,484,324	-	-	18,185,092	17,116,996
7	-	-	4,107,205	-	-	4,107,205	1,639,222
8	-	-	-	-	-	-	-
9	-	-	-	-	-	-	105,642
10	-	-	-	-	176,897	176,897	-
11	-	-	-	-	2,913,554	2,913,554	3,747,271
Total	17,313,116	-	5,591,529	-	3,090,451	25,995,096	25,583,118

The movement on the Small and Medium entities (SME's) facilities is as follows:

	2021						2020
	Stage (1)		Stage (2)				
	Individual	Collective	Individual	Collective	(3) Stage	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	17,461,423	-	4,268,782	-	3,852,913	25,583,118	19,527,041
New credit facilities during the year	7,105,937	-	2,860,349	-	184,070	10,150,356	11,068,808
Settled credit facilities	(7,048,721)	-	(1,658,490)	-	(1,123,429)	(9,830,640)	(4,414,164)
Transferred to stage (1)	133,573	-	(133,573)	-	-	-	-
Transferred to stage (2)	(409,466)	-	409,466	-	-	-	-
Transferred to stage (3)	-	-	(176,897)	-	176,897	-	-
Effect on total exposure due to change in the classifications between stages	70,370	-	21,892	-	-	92,262	(598,207)
Effect of adjustment	-	-	-	-	-	-	-
Written-off credit facilities	-	-	-	-	-	-	(360)
Adjustments due to change in exchange rates	-	-	-	-	-	-	-
Total exposures at year end	17,313,116	-	5,591,529	-	3,090,451	25,995,096	25,583,118

The movement on provision for impairment loss for Small and Medium entities (SME's) is as follows:

	2021						2020
	Stage (1)		Stage (2)				
	Individual	Collective	Individual	Collective	(3) Stage	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	112,452	-	119,590	-	1,871,523	2,103,565	1,662,281
Impairment losses on new exposures during the year	36,200	-	68,795	-	170,887	275,882	559,542
Recovered from impairment losses on paid exposures during the year	(69,479)	-	(42,917)	-	(368,221)	(480,617)	(113,966)
Transferred to stage (1)	319	-	(319)	-	-	-	-
Transferred to stage (2)	(9,813)	-	9,813	-	-	-	-
Transferred to stage (3)	-	-	(92,633)	-	92,633	-	-
Effect on the impairment losses due to change in the classifications between stages	7,716	-	74,496	-	-	82,212	(4,292)
Effect of adjustment on the resulted provision	-	-	-	-	-	-	-
Impairment loss on the written off exposures	-	-	-	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-	-	-	-
Balance of the Provision for Expected Credit Losses at Year End	77,395	-	136,825	-	1,766,822	1,981,042	2,103,565

9. Financial Assets at Fair Value through Other Comprehensive Income

The details of this item are as follows:

	December 31, 2021	December 31, 2020
	JD	JD
Quoted shares in active markets	1,133,643	869,844
Unquoted shares in active markets	2,450,379	2,368,267
Governmental and guaranteed financial bonds	117,799,629	117,941,021
Jordanian treasury bills	7,018,458	7,018,586
Other financial bonds	7,234,630	7,381,874
Total	135,636,739	135,579,592
Less: Provision of expected credit loss	(2,830)	(9,125)
Total	135,633,909	135,570,467

- The following represents the movement on the provision for expected credit losses of the financial assets through other comprehensive income:

	December 31, 2021				2020
	Stage (1) Individual	Stage (2) Individual	Stage (3) Individual	Total	Total
	JD	JD	JD	JD	JD
Balance – beginning of the year	9,125	-	-	9,125	20,563
New investment during the year	-	-	-	-	4,027
Matured investments	(6,295)	-	-	(6,295)	(15,465)
Transferred to stage (1)	-	-	-	-	-
Transferred to stage (2)	-	-	-	-	-
Transferred to stage (3)	-	-	-	-	-
Changes in fair value	-	-	-	-	-
Effect of changes in the investment adjustment	-	-	-	-	-
Written-off investment	-	-	-	-	-
Balance – End of the Year	2,830	-	-	2,830	9,125

- The following represents the movement on financial assets through other comprehensive income:

	December 31, 2021				2020
	Stage (1) Individual	Stage (2) Individual	Stage (3) Individual	Total	Total
	JD	JD	JD	JD	JD
Balance – beginning of the year	135,579,592	-	-	135,579,592	148,842,776
New investment during the period	39,036,351	-	-	39,036,351	13,149,834
Matured investments	(44,873,458)	-	-	(44,873,458)	(34,324,647)
Transferred to stage (1)	-	-	-	-	-
Transferred to stage (2)	-	-	-	-	-
Transferred to stage (3)	-	-	-	-	-
Changes in fair value	5,894,254	-	-	5,894,254	7,911,629
changes in the adjustment of investment	-	-	-	-	-
Written-off investment	-	-	-	-	-
Balance – End of the Year	135,636,739	-	-	135,636,739	135,579,592

10. Financial Assets at Amortized Cost

The details of this item are as follows:

	December 31,	
	2021	2020
	JD	JD
Financial assets available at market value		
Governmental and guaranteed bonds	124,322,625	111,863,616
Other financial bonds	15,000,000	15,000,000
Total	139,322,625	126,863,616
Less: Provision for financial assets at amortized cost	(8,217)	(19,868)
Total	139,314,408	126,843,748
Bonds Analysis:		
With fixed rate	139,322,625	119,863,616
With floating rate	-	7,000,000
Total	139,322,625	126,863,616

Bonds Analysis in accordance with IFRS (9)		
Stage 1	139,322,625	126,863,616
Stage 2	-	-
Stage 3	-	-
Total	139,322,625	126,863,616

The following is the movement on financial assets at amortized cost:

	2021				2020
	Stage (1) Individual	Stage (2) Individual	Stage (3) Individual	Total	Total
	JD	JD	JD	JD	JD
Balance – beginning of the year	126,863,616	-	-	126,863,616	137,471,590
New investment during the year	23,003,697	-	-	23,003,697	54,043,169
Settled investment *	(10,544,688)	-	-	(10,544,688)	(64,651,143)
Change in fair value	-	-	-	-	-
Transferred to stage 1	-	-	-	-	-
Transferred to stage 2	-	-	-	-	-
Transferred to stage 3	-	-	-	-	-
Changes in fair value	-	-	-	-	-
Effect of adjustment in investment	-	-	-	-	-
Written off investment	-	-	-	-	-
Balance - end of the year	139,322,625	-	-	139,322,625	126,863,616

- The following is the movement on provision for expected credit losses for financial assets at amortized cost:

	2021				2020
	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Balance – beginning of the year	19,868	-	-	19,868	10,129
Credit losses on new investments during the year	-	-	-	-	19,868
Recovered amount from losses on paid investments	(11,651)	-	-	(11,651)	(10,129)
Transferred to stage (1)	-	-	-	-	-
Transferred to stage (2)	-	-	-	-	-
Transferred to stage (3)	-	-	-	-	-
Changes in fair value	-	-	-	-	-
Changes resulting from adjustments	-	-	-	-	-
Written-off investments	-	-	-	-	-
Balance - End of the Year	8,217	-	-	8,217	19,868

11. Financial Assets at Amortized Cost - Mortgaged

The details of this item are as follows:

	December 31,	
	2021	2020
	JD	JD
Governmental and guaranteed bonds	51,926,112	62,631,159
	51,926,112	62,631,159

- On April 4, 2021, the Bank sold three bonds of the Jordanian treasury bonds with a nominal value of JD 31,000,000 to Arab Bank. The amount of the repurchase agreement was JD 34,455,130, and the amount received was JD 33,766,027 as borrowed money at an interest rate of 3.97% per annum, as stated in Note (19). Moreover, the Bank did not recognize this transaction as a sale transaction, as the Bank reserves the right to repurchase these bonds on April 4, 2024.

- On October 18, 2021, the Bank sold one bond of the Jordanian treasury bond with a nominal value of JD 9,808,000 to Central Bank of Jordan. The amount of the bond repurchase agreement was JD 9,970,674, and the amount received was JD 9,920,957 as a loan at an interest rate of 2% per annum, as stated in Note (19). Moreover, the Bank did not recognize this transaction as a sale transaction, as the Bank reserves the right to repurchase these bonds on January 17, 2022.

- On December 6, 2021, the Bank sold one bond of the Jordanian treasury bond with a nominal value of JD 11,144,000 to Central Bank of Jordan. The amount of the bond repurchase agreement was JD 11,392,404, and the amount received was JD 11,374,925 as a loan at an interest rate of 2% per annum, as stated in Note (19). Moreover, the Bank did not recognize this transaction as a sale transaction, as the Bank reserves the right to repurchase these bonds on January 3, 2022.

12. Property and Equipment - Net

The details of this item are as follows:

	Lands	Buildings	Equipment and Furniture	Vehicles	Computers	Decorations and Leasehold Improvements	Total
For the year ended December 31, 2021	JD	JD	JD	JD	JD	JD	JD
Cost:							
Balance - beginning of the year	5,473,330	5,909,553	6,411,907	504,600	3,898,689	4,903,856	27,101,935
Additions *	-	13,389,020	5,750,617	-	708,789	1,537,054	21,385,480
Disposals	-	-	(1,013,301)	-	(322,437)	(122,065)	(1,457,803)
Balance - End of the Year	5,473,330	19,298,573	11,149,223	504,600	4,285,041	6,318,845	47,029,612
Accumulated Depreciation:							
Balance - beginning of the year	-	3,824,571	4,880,026	407,840	3,426,631	4,217,476	16,756,544
Annual depreciation	-	94,456	766,759	26,310	229,318	171,769	1,288,612
Disposals	-	-	(1,011,620)	-	(321,747)	(121,455)	(1,454,822)
Balance - End of the Year	-	3,919,027	4,635,165	434,150	3,334,202	4,267,790	16,590,334
Net book value of property and equipment	5,473,330	15,379,546	6,514,058	70,450	950,839	2,051,055	30,439,278
Advance payment on property and equipment	-	-	170,480	-	104,344	-	274,824
Projects under construction	-	677,100	1,578,495	-	-	-	2,255,595
Net Book Value – End of the Year	5,473,330	16,056,646	8,263,033	70,450	1,055,183	2,051,055	32,969,697
For the year ended December 31, 2020							
Cost:							
Balance - beginning of the year	3,374,438	5,909,553	6,154,029	504,600	3,704,737	4,579,404	24,226,761
Additions	2,098,892	-	291,419	-	197,149	493,314	3,080,774
Disposals	-	-	(33,541)	-	(3,197)	(168,862)	(205,600)
Balance - End of the Year	5,473,330	5,909,553	6,411,907	504,600	3,898,689	4,903,856	27,101,935
Accumulated Depreciation:							
Balance - beginning of the year	-	3,743,106	4,291,817	362,369	3,136,189	4,155,797	15,689,278
Annual depreciation	-	81,465	618,338	45,471	293,210	229,133	1,267,617
Disposals	-	-	(30,129)	-	(2,768)	(167,454)	(200,351)
Balance - End of the Year	-	3,824,571	4,880,026	407,840	3,426,631	4,217,476	16,756,544
Net book value of property and equipment	5,473,330	2,084,982	1,531,881	96,760	472,058	686,380	10,345,391
Advance payment on property and equipment	-	-	970,069	-	4,775	-	974,844
Projects under construction	-	16,203,160	1,860,217	-	649,310	4,639	18,717,326
Net Book Value – End of the Year	5,473,330	18,288,142	4,362,167	96,760	1,126,143	691,019	30,037,561
Annual Depreciation Rate %	-	2-15	9-20	15	9-25	9-10	

* This item includes an amount of JD 17,161,749 which represents the transferred from the project under construction related to the new management building as of December 31, 2021.

- The fully depreciated assets on Property and equipment amounted to JD 11,074,071 as of December 31, 2021 (JD 11,507,177 as of December 31, 2020).

13. Intangible Assets - Net

The details of this item are as follows:

	December 31, 2021	December 31, 2020
	JD	JD
Balance - beginning of the year	1,519,806	1,699,612
Additions	476,532	262,020
Amortization of the year	(440,207)	(441,826)
Balance - End of the Year	1,556,131	1,519,806
Amortization Rate %	20	20

14. Lease Contracts

Right-of-use assets:

The Bank leases many assets including land and buildings, noting that the average lease term is 5 years. The following is the movement on the right- of-use assets' during the year:

	December 31, 2021	December 31, 2020
	JD	JD
Balance - beginning of the year	2,844,640	3,357,169
Add: Additions during the year	647,535	521,885
Less: Depreciation the year	(62,951)	(607,023)
Cancelled contracts	(602,980)	(427,391)
Balance - End of the Year	2,826,244	2,844,640

The amounts recorded on the consolidated statement of profit & loss

	For the year ended December 31, 2021	For the year ended December 31, 2020
	JD	JD
Depreciation of the year	634,456	646,850
Interest of the year	160,921	164,543
Lease expense during the year	795,377	811,393

Lease liabilities:	December 31, 2021	December 31, 2020
	JD	JD
Balance - beginning of the year	2,755,325	3,223,659
Add: Additions during the year	647,536	521,885
Interest during the year	160,921	164,543
Less: paid during the year	(782,632)	(789,186)
Cancelled contracts	(18,785)	(365,576)
Balance - End of the Year	2,762,365	2,755,325

15. Other Assets

The details of this item are as follows:

	December 31,	
	2021	2020
	JD	JD
Accrued revenues and interest	5,825,423	7,071,454
Prepaid expenses	805,119	611,454
Assets seized by the Bank against outstanding debts *	3,270,042	2,449,555
Unrealized derivatives gain / assets	23,662	85,468
Other receivables / Brokerage company	121,531	519,167
Lands held for sale / Brokerage company	1,696,734	1,696,734
Discounted LC's	8,795,719	724,107
Seized assets sold in installments	3,822,675	-
Others	2,577,285	2,287,073
Total	26,938,190	15,445,012

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

- The following is a summary of the movement on assets seized by the Bank due to outstanding debt:

	For the Year Ended December 31,	
	2021	2020
	JD	JD
Balance - beginning of the year	2,449,555	2,429,211
Additions	4,743,823	227,714
Disposals	(3,822,675)	(207,370)
(Provision) for Assets seized during the year	(100,661)	-
Balance - End of the Year	3,270,042	2,449,555

The provision of assets seized by the Bank amounted to JD 201,322 as at December 31, 2021 (JD 100,661 as at December 31, 2020) for the assets seized by the Bank for a period of more than 4 years.

16. Bank and Financial Institutions Deposits

The details of this item are as follows:

	2021			2020		
	Inside Jordan	Outside Jordan	Total	Inside Jordan	Outside Jordan	Total
	JD	JD	JD	JD	JD	JD
Current accounts and demand deposits	-	1,440,100	1,440,100	-	1,747,479	1,747,479
Deposits due within 3 months	-	142,618,539	142,618,539	26,309,250	129,103,802	155,413,052
Total	-	144,058,639	144,058,639	26,309,250	130,851,281	157,160,531

17. Customers' Deposits

The details of this item are as follows:

	Retail	Corporate	SMEs	Government and Public Sector	Total
	JD	JD	JD	JD	JD
December 31, 2021					
Current accounts and demand deposits	48,907,680	26,258,180	11,962,018	953,209	88,081,087
Saving deposits	24,487,154	314,040	521,866	221,335	25,544,395
Time and notice deposits	309,099,497	195,000,941	16,925,138	88,043,817	609,069,393
Total	382,494,331	221,573,161	29,409,022	89,218,361	722,694,875
December 31, 2020					
Current accounts and demand deposits	49,546,697	16,550,085	13,615,008	775,685	80,487,475
Saving deposits	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

- The deposits of the governmental and public sector inside Jordan amounted to JD 89,218,361 representing 12.345% of total deposits as of December 31, 2021 (JD 67,867,657 representing 9.918% of total deposits as of December 31, 2020).

- Non-interest bearing deposits amounted to JD 89,503,466 representing 12.385% of total deposits as of December 31, 2021 (JD 88,910,349, representing 12.993% as of December 31, 2020).

- Restricted deposits amounted to JD 97,642,364 representing 13.511% of total deposits as of December 31, 2021 (JD 96,559,289, representing 14.111% of total deposits as of December 31, 2020).

- Dormant accounts amounted to JD 33,268,206 as of December 31, 2021 (JD 20,189,962 as of December 31, 2020).

18. Margin Accounts

The details of this item are as follows:

	December 31,	
	2021	2020
	JD	JD
Margins on direct credit facilities	43,393,626	43,512,259
Margins on indirect credit facilities	6,086,745	5,020,693
Other margins	3,281,813	2,787,751
Total	52,762,184	51,320,703

19. Loans and Borrowings

The details of this item are as follows:

	Amount	Number of Payments Total Number of	Number of Payments Outstanding Payments	Instalments Maturity	Collaterals	Interest
	JD					
December 31, 2021						
Arab Bank loan *	33,766,027	1	1	36 Months	Mortgage bonds - The Central Bank of Jordan	3.970%
Central Bank of Jordan loan **	499,986	30	14	semi annual	-	2.500%
Central Bank of Jordan loan ***	608,250	180	180	semi annual	-	3.000%
Central Bank of Jordan loan	509	30	1	Monthly	-	1.750%
Jordanian Real Estate Mortgage Re-fund Co. ****	254,145	236	12	Monthly	-	6.85%
Jordanian Real Estate Mortgage Re-fund Co.	15,007,836	1	1	24 Months	Mortgage deeds loan portfolio	4.250%
Jordanian Real Estate Mortgage Re-fund Co.	10,000,000	1	1	7 years	Mortgage deeds loan portfolio	4.900%
Jordanian Real Estate Mortgage Re-fund Co.	7,000,815	1	1	24 Months	Mortgage deeds loan portfolio	4.250%
Central Bank of Jordan loan *****	9,920,957	1	1	Quarterly	Mortgage bonds - The Central Bank of Jordan	2.000%
Central Bank of Jordan loan ******	11,374,925	1	1	Monthly	Mortgage bonds - The Central Bank of Jordan	2.000%
Central Bank of Jordan loan	727,004	48	48	Monthly	-	1.000%
Central Bank of Jordan loan ********	6,568,415	1776	1093	Monthly	-	0.000%
ABC (Bahrain) *********	7,799,000	1	1	2 weeks	-	1.000%
Total	103,527,869					
December 31, 2020						
Arab Bank loan	14,576,373	1	1	36 Months	Mortgage bonds - The Central Bank of Jordan	5.290%
Arab Bank loan	19,378,304	1	1	36 Months	Mortgage bonds - The Central Bank of Jordan	5.500%
Central Bank of Jordan loan	689,489	30	17	semi annual	-	2.500%
Central Bank of Jordan loan	607,888	34	34	semi annual	-	3.000%
Central Bank of Jordan loan	23,666	30	13	Monthly	-	1.75%
Jordanian Real Estate Mortgage Re-fund Co.	508,411	236	24	Monthly	-	6.850%
Jordanian Real Estate Mortgage Re-fund Co.	15,000,000	1	1	24 Months	Mortgage deeds loan portfolio	4.250%
Jordanian Real Estate Mortgage Re-fund Co.	5,000,692	1	1	24 Months	Mortgage deeds loan portfolio	5.050%
Central Bank of Jordan loan	7,280,586	1	1	Quarterly	Mortgage bonds - The Central Bank of Jordan	2.000%
Central Bank of Jordan loan	8,320,548	1	1	Monthly	Mortgage bonds - The Central Bank of Jordan	2.000%
Central Bank of Jordan loan	12,263,312	1	1	Monthly	Mortgage bonds - The Central Bank of Jordan	2.000%
Central Bank of Jordan loan	6,644,372	792	777	Monthly	-	0.000%
ABC (Bahrain)	3,190,500	1	1	2 weeks	-	1.000%
Total	93,484,141					

* The fund borrowed from the Arab Bank amounted to JD 33,766,027 represents an agreement to repurchase treasury bonds with a nominal value of JD 31 million. Meanwhile, the Bank holds the right to repurchase these bonds on of April 4, 2024.

** The fund borrowed from the Central Bank amounted to JD 499,986 , as at December 31, 2021, represents the convention on the loan of the Arab Fund for Economic and Social Development to finance the corporate sector, micro & SME's (JD 689,489 as at December 31, 2020).

*** The fund borrowed from the Central Bank amounted to JD 608,250 , as at December 31, 2021, represents the convention on the loan of the Arab Fund for Economic and Social Development to finance the corporate sector, micro & SME's (JD 607,888 as at December 31, 2020).

**** The borrowed funds as at December 31, 2021 amounted to JD 254,154 , at an average interest rate of 6.85% (508,411 at an average of 6.85% as at December 31, 2020).

***** The fund borrowed from the Central Bank of Jordan amounted to JD 9,920,957 represents an agreement to repurchase treasury bonds with a nominal value of JD 9.808 million. Meanwhile, the Bank holds the right to repurchase these bonds on the of January 17, 2022.

****** The fund borrowed from the Central Bank of Jordan amounted to JD 11,374,925 represents an agreement to repurchase treasury bonds with a nominal value of JD11.144 million. Meanwhile, the Bank holds the right to repurchase these bonds on the of January 3, 2022.

******** The fund borrowed from the Central Bank of Jordan amounted to JD 6,568,415 represents a loans agreement to support the Companies due to the COVID pandemic.

********* The fund borrowed from ABC (Bahrain) amounted to JD 7,799,000 represents an agreement to fund its subsidiary (Arab Cooperation Company).

20. Sundry Provisions

The details of this item are as follows:

	Balance - Beginning of the Year	Additions During the Year	Paid During the Year	Transferred from Provisions	Recovered to Income	Balance - End of the Year
For the Year Ended December 31, 2021	JD	JD	JD	JD	JD	JD
Provision for lawsuits against the Group and other liabilities	638,413	-	-	-	-	638,413
Other provisions	2,906,968	238,103	(404,660)	-	-	2,740,411
Total	3,545,381	238,103	(404,660)	-	-	3,378,824
For the Year Ended December 31, 2020						
Provision for lawsuits against the Group and other liabilities	638,413	-	-	-	-	638,413
Other provisions	2,802,035	593,884	(641,500)	152,549	-	2,906,968
Total	3,440,448	593,884	(641,500)	152,549	-	3,545,381

21. Income Tax

a. Income tax provision

The movement on the income tax provision is as follows:

	December 31, 2021	December 31, 2020
	JD	JD
Balance - beginning of the year	6,456,452	2,478,661
Income tax paid	(4,649,029)	(1,137,194)
Accrued income tax	5,408,462	5,114,985
Prior years tax refundable deposits	40,963	-
Balance - End of the Year	7,256,848	6,456,452

The income tax expense appearing in the consolidated statement of profit or loss represents the following:

	2021	2020
	JD	JD
Accrued income tax on the Profit of the year	5,408,462	5,114,985
Deferred tax assets for the year	(1,346,000)	(2,176,055)
Amortization of deferred tax assets	1,461,728	46,347
Total	5,524,190	2,985,277

b. Deferred Tax Assets / Liabilities

The details of this item are as follows:

	2021					2020
	Beginning Balance	Amounts Released	Amounts Added	Ending Balance	Deferred Tax	Deferred Tax
Deferred tax assets	JD	JD	JD	JD	JD	JD
Provision of non performing loans from prior years	9,057	(155)	-	8,902	3,383	3,442
loss on valuation of financial instruments available for sale	322,746	(187,327)	-	135,419	51,459	122,643
Difference in credit facilities provision	4,401,539	(3,664,632)	-	736,907	280,025	1,672,585
Fair value reserve of shares financial assets	179,085	(12,522)	-	166,563	63,294	68,052
Fair value reserve of bonds financial assets	-	-	85,892	85,892	32,639	-
Deffered tax assets resulted from the adoption of IFRS (9)	17,785,952	-	2,013,079	19,799,031	7,093,294	6,332,848
Employees bounses provision	205,139	(205,140)	1,326,099	1,326,099	503,918	77,953
Others	2,497,619	(10,057)	248,160	2,735,721	1,039,574	949,095
Total	25,401,137	(4,079,833)	3,673,230	24,994,534	9,067,586	9,226,618
Deferred tax liabilities						
Unrealized gain of financial assets resulted from the adoption of IFRS (9)	4,453	-	-	4,453	1,692	1,692
Gain of financial assets at fair value through other comprehensive income	7,860,623	(2,203,723)	-	5,656,900	2,149,622	2,987,037
Fair value reserve of financial assets shares through other comprehensive income	230,091	-	259,720	489,811	186,128	87,434
Total	8,095,167	(2,203,723)	259,720	6,151,164	2,337,442	3,076,163

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

	December 31, 2021		December 31, 2020	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
Balance - beginning of the year	9,226,618	3,076,163	7,078,498	1,977,939
Additions	1,391,304	98,063	2,242,982	1,098,224
Released	(1,550,336)	(836,784)	(94,862)	-
Balance - End of the Year	9,067,586	2,337,442	9,226,618	3,076,163

c. The reconciliation between taxable profit and accounting profit is as follows:

	December 31,	
	2021	2020
	JD	JD
Accounting profit	15,126,614	4,207,490
Non-taxable profit	(5,546,506)	(2,675,912)
Non-taxable expenses	3,930,682	6,747,018
Realized gain in retained earnings	10,489	-
Tax profit	13,521,279	8,278,596
Effective income tax rate	35.74%	83.77%

- The legal tax rate for banks in Jordan is 35%, plus 3% as national contribution & for subsidiaries, it is 24%, plus 4% as national contribution.

- A final settlement has been reached with the Income and Sales Tax Department for the Bank for the years 2018. In addition, the tax return for 2019 and 2020 was submitted, and n final decision has been issued thereon by the Income and Sales Tax Department yet.

- A final settlement has been reached with the Income and Sales Tax Department for the subsidiary company up to the year 2020.

22. Other Liabilities

The details of this item are as follows:

	December 31, 2021	December 31, 2020
	JD	JD
Accrued interest expense	5,474,467	4,375,733
Revenue received in advance	46,909	80,092
Accounts payable	7,466,748	9,571,829
Accrued expenses	2,306,674	1,043,227
Unrealized derivatives loss/ liability	239,193	372,812
Certified checks drafted over the Bank	898,284	621,152
Provision for indirect facilities' expected credit loss	539,221	903,995
Board of Directors' remunerations	89,243	140,500
Incoming transfers	3,303,113	3,053,255
Deferred revenue	66,128	52,685
Other liabilities	2,467,605	1,418,395
Total	22,897,585	21,633,675

Below is the movement on indirect facilities:

	2021						2020
	Stage (1)		Stage (2)				
	Individual	Collective	Individual	Collective	Stage (3)	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	141,411,274	7,367,289	6,354,889	3,688	4,914,055	160,051,195	180,590,493
New exposure during the year	57,456,836	1,412,263	1,353,021	78,525	159,389	60,460,034	88,120,064
Accrued exposure	(80,607,362)	(2,271,964)	(3,231,838)	(2,918)	(136,278)	(86,250,360)	(108,676,193)
Transferred to stage (1)	2,307,302	4,523	(2,307,302)	(4,523)	-	-	-
Transferred to stage (2)	(23,580)	-	23,580	-	-	-	-
Transferred to stage (3)	-	-	(7,500)	-	7,500	-	-
Effect of the reclassification	(10,947)	-	831,508	1,018	-	821,579	16,831
Balance at the End of the Year	120,533,523	6,512,111	3,016,358	75,790	4,944,666	135,082,448	160,051,195

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

	2021						2020
	Stage (1)		Stage (2)				
	Individual	Collective	Individual	Collective	Stage (3)	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	696,156	36,263	171,101	475	-	903,995	1,216,771
New exposure during the year	115,842	3,847	74,797	1,734	-	196,220	532,372
Matured exposure	(442,916)	(13,389)	(85,654)	(80)	-	(542,039)	(824,802)
Transferred to stage (1)	7,500	17	(7,500)	(17)	-	-	-
Transferred to stage (2)	(1,260)	-	1,260	-	-	-	-
Transferred to stage (3)	-	-	-	-	-	-	-
Effect of adjustment	1,006	-	(19,582)	(379)	-	(18,955)	(20,346)
Balance at Year End	376,328	26,738	134,422	1,733	-	539,221	903,995

The distribution of total indirect credit facilities (letters of guarantee) according to the Bank's internal credit rating is as follows:

	2021						2020
	Stage (1) Individual	Stage (1) collective	Stage (2) Individual	Stage (2) collective	Stage (3) Individual	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Credit rating categories based on the Bank's internal system:							
1	9,425	-	-	-	-	9,425	12,425
2	-	-	-	-	-	-	-
3	-	-	-	-	-	-	2,000
4	-	-	-	-	-	-	-
5	42,768,639	-	61,367	-	-	42,830,006	59,537,641
6	31,268,642	-	71,529	-	-	31,340,171	34,781,493
7	433,177	-	571,850	-	-	1,005,027	502,297
8	5,000	-	500	-	-	5,500	54,500
9	-	-	-	-	-	-	967,881
10	-	-	-	-	-	-	-
11	-	-	-	-	4,944,666	4,944,666	3,946,174
Total	74,484,883	-	705,246	-	4,944,666	80,134,795	99,804,411

The movement on indirect credit facilities - letters of guarantee

	2021						2020
	Stage (1)		Stage (2)				
	Individual	collective	Individual	collective	Stage (3)	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance - Beginning of the year	92,176,336	-	2,714,020	-	4,914,055	99,804,411	115,546,864
New exposures during the year	28,220,351	-	5,000	-	159,389	28,384,740	53,997,692
Paid exposures	(46,909,744)	-	(1,010,334)	-	(136,278)	(48,056,356)	(69,596,459)
Transferred to stage (1)	1,002,940	-	(1,002,940)	-	-	-	-
Transferred to stage (2)	(5,000)	-	5,000	-	-	-	-
Transferred to stage (3)	-	-	(7,500)	-	7,500	-	-
Effect of total exposure due to change in the classifietion between stages	-	-	2,000	-	-	2,000	(143,686)
Effect of adjustment	-	-	-	-	-	-	-
Written-off facilities	-	-	-	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-	-	-	-
Balance - End of the Year	74,484,883	-	705,246	-	4,944,666	80,134,795	99,804,411

The movement on provision for the indirect credit facilities - letters of guarantee

	2021						2020
	Stage (1)		Stage (2)				
	Individual	Collective	Individual	Collective	Stage (3)	total	total
	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	118,495	-	13,138	-	-	131,633	204,415
Impairment losses on new exposures during the year	22,843	-	4,138	-	-	26,981	96,477
Recoveries on impairment losses on matured exposure	(43,737)	-	(1,859)	-	-	(45,596)	(168,733)
Transferred to stage (1)	1,637	-	(1,637)	-	-	-	-
Transferred to stage (2)	(50)	-	50	-	-	-	-
Transferred to stage (3)	-	-	-	-	-	-	-
Effect on the provision - at year end - due to change in classifications between stages	24	-	(499)	-	-	(475)	(526)
Effect of adjustment	-	-	-	-	-	-	-
Written-off credit facilities	-	-	-	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-	-	-	-
Balance - End of the Year	99,212	-	13,331	-	-	112,543	131,633

The distribution of the total indirect credit facilities (unutilized limit facilities) according to the Bank's internal credit rating is as follows:

	2021						2020
	Stage (1)		Stage (2)				
	Individual	Collective	Individual	Collective	(3) Stage	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Credit rating categories based on the Bank's internal system:							
1	-	915,325	-	-	-	915,325	842,689
2	-	-	-	-	-	-	-
3	-	183,029	-	-	-	183,029	228,924
4	-	219,977	-	-	-	219,977	293,515
5	1,445,162	4,761,496	-	-	-	6,206,658	7,417,039
6	21,582,774	1,354,398	846,630	1,073	-	23,784,875	33,501,735
7	-	6,382	475,654	77,452	-	559,488	618,382
8	-	-	133,313	-	-	133,313	-
9	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-
11	-	-	-	-	-	-	-
Total	23,027,936	7,440,607	1,455,597	78,525	-	32,002,665	42,902,284

The movement on indirect credit facilities - unutilized limit facilities

	2021						2020
	Stage (1)		Stage (2)				
	Individual	Collective	Individual	Collective	Stage (3)	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance - Beginning of the year	31,872,872	8,295,785	2,727,204	6,423	-	42,902,284	50,126,063
New exposures during the year	7,505,986	1,412,263	520,829	78,525	-	9,517,603	17,428,048
Paid exposures	(17,625,757)	(2,271,964)	(1,336,162)	(2,918)	-	(21,236,801)	(24,812,344)
Transferred to stage (1)	1,304,362	4,523	(1,304,362)	(4,523)	-	-	-
Transferred to stage (2)	(18,580)	-	18,580	-	-	-	-
Transferred to stage (3)	-	-	-	-	-	-	-
Effect of total exposure due to change in the classifietion between stages	(10,947)	-	829,508	1,018	-	819,579	160,517
Effect of adjustment	-	-	-	-	-	-	-
Written-off facilities	-	-	-	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-	-	-	-
Balance - End of the Year	23,027,936	7,440,607	1,455,597	78,525	-	32,002,665	42,902,284

The movement on indirect credit facilities' provision - unutilized limit facilities

	2021						2020
	Stage (1)		Stage (2)				
	Individual	Collective	Individual	Collective	Stage (3)	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	523,720	36,263	151,571	475	-	712,029	962,025
Impairment losses on new exposures during the year	51,242	3,847	65,476	1,734	-	122,299	375,666
recoveries on impairment losses on matured exposure	(345,263)	(13,389)	(77,411)	(80)	-	(436,143)	(605,842)
Transferred to stage (1)	5,863	17	(5,863)	(17)	-	-	-
Transferred to stage (2)	(1,210)	-	1,210	-	-	-	-
Transferred to stage (3)	-	-	-	-	-	-	-
Effect on the provision - at year end - due to change in classifications between stages	982	-	(19,083)	(379)	-	(18,480)	(19,820)
Effect of adjustment	-	-	-	-	-	-	-
Written-off credit facilities	-	-	-	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-	-	-	-
Balance - End of the Year	235,334	26,738	115,900	1,733	-	379,705	712,029

The distribution of the total indirect credit facilities (letters of credit) according to the Bank's internal credit rating is as follows:

	2021						2020
	Stage (1)		Stage (2)				
	Individual	Collective	Individual	Collective	Stage (3)	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Credit rating categories based on the Bank's internal system:							
1	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-
5	16,035,742	-	-	-	-	16,035,742	8,497,642
6	6,053,727	-	855,519	-	-	6,909,246	8,846,858
7	-	-	-	-	-	-	-
8	-	-	-	-	-	-	-
9	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-
11	-	-	-	-	-	-	-
Total	22,089,469	-	855,519	-	-	22,944,988	17,344,500

The movement on the indirect credit facilities- Letters of credit

	2021						2020
	Stage (1)		Stage (2)				
	Individual	Collective	Individual	Collective	Stage (3)	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance - Beginning of the year	16,430,831	-	913,669	-	-	17,344,500	14,917,567
New exposures during the year	21,780,497	-	827,192	-	-	22,607,689	16,694,324
Paid exposures	(16,121,859)	-	(885,342)	-	-	(17,007,201)	(14,267,391)
Transferred to stage (1)	-	-	-	-	-	-	-
Transferred to stage (2)	-	-	-	-	-	-	-
Transferred to stage (3)	-	-	-	-	-	-	-
Effect of total exposure due to change in the classifietion between stages	-	-	-	-	-	-	-
Effect of adjustment	-	-	-	-	-	-	-
Written-off facilities	-	-	-	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-	-	-	-
Balance - End of the Year	22,089,469	-	855,519	-	-	22,944,988	17,344,500

The movement on indirect credit facilities- Letters of credit

	2021						2020
	Stage (1)		Stage (2)				
	Individual	Collective	Individual	Collective	Stage (3)	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	53,941	-	6,392	-	-	60,333	50,332
Impairment losses on new exposures during the year	41,757	-	5,183	-	-	46,940	60,228
recoveries on impairment losses on matured exposure	(53,916)	-	(6,384)	-	-	(60,300)	(50,227)
Transferred to stage (1)	-	-	-	-	-	-	-
Transferred to stage (2)	-	-	-	-	-	-	-
Transferred to stage (3)	-	-	-	-	-	-	-
Effect on the provision - at year end - due to change in classifications between stages	-	-	-	-	-	-	-
Effect of adjustment	-	-	-	-	-	-	-
Written-off credit facilities	-	-	-	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-	-	-	-
Balance - End of the Year	41,782	-	5,191	-	-	46,973	60,333

23. Paid-up and Issued 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 December 31, 2021 and 2020.

Proposed Dividends

The Board of Directors decided on February 24, 2022 to recommend to the General Assembly to distribute cash dividends amounted to JD 6,600,0000 at 6% of the paid up and subscribed capital.

24. Reserves

The details of the reserves as of December 31, 2021 and 2020 is as follow:

a. Statutory Reserves

The amounts accumulated in this account represent transfers from the annual profits before tax at a rate of 10% during the year and prior years according to the Bank's regulations, and the reserve amounts may not be distributed to shareholders.

b. Voluntary Reserves

The amounts accumulated in this account represent transfers from the annual profits before tax at a rate not exceeding 20% during the year and prior. The voluntary reserve is used for the purposes determined by the Board of Directors, and the General Assembly of Shareholders have the right to distribute it, wholly or partially, as dividends to shareholders.

The restricted reserves are as follows:

	December 31,		
Reserve Type	2021	2020	Nature of Restriction
	JD	JD	
Statutory reserve	29,892,408	28,379,747	According to the Bank's regulations and the Companies Law

25. Fair Value Reserve - Net

This item's details are as follows:

	December 31, 2021				December 31, 2020
	Shares	Bonds	Hedging Derivatives	Total	Total
Balance – beginning of the year	31,624	4,873,586	(200,103)	4,705,107	2,943,308
Unrealized gain (losses)	272,241	(2,289,615)	187,327	(1,830,047)	2,841,610
Deferred tax liabilities	(98,694)	837,415	-	738,721	(1,098,223)
Deferred tax assets	(4,758)	32,639	(71,184)	(43,303)	18,412
Balance at the End of the Year	200,413	3,454,025	(83,960)	3,570,478	4,705,107

The reserve is shown at fair value after deducting the deferred tax assets balance of JD 43,303 and tax liabilities of JD 738,721 as of December 31, 2021

(Deferred tax assets are JD 18,412 as of December 31, 2020 & offset tax liabilities are JD 1,098,223 as of December 31, 2020).

26. Retained Earnings

The movement on retained earnings is as follows:

	December 31,	
	2021	2020
	JD	JD
Balance - beginning of the year	16,527,230	15,725,766
Gain from sale stocks (OCI)	10,492	-
Income for the year	9,602,424	1,222,213
Transferred from reserves	(1,512,661)	(420,749)
Balance – End of the Year	24,627,485	16,527,230

- Retained earnings includes a restricted amount of JD 9,067,586 as of December 31, 2021, which represents deferred tax assets (JD 9,226,618 as of December 31, 2021 including capitalization or distribution only to the extent of what is actually recognized according to the instructions of the Central Bank of Jordan and the Jordanian Securities Commission.

- Retained earnings includes an amount of JD 2,671 as of December 31, 2021 (JD 2,761 as an income for the year 2020) which is restricted and represents the effect of early implementation of IFRS (9) expect for the amounts realized through the actual sales.

27. Expected Credit Loss Provision

This item's details are as follow:

	2021	2020
	JD	JD
Deposits balances at banks and financial institutions	(23,218)	27,787
Financial assets at fair value from other comprehensive income	(6,295)	(11,438)
Financial assets at amortized cost	(11,651)	9,739
Direct credit facilities	5,201,380	13,395,903
Discounted letters of credit	(290)	(15,524)
Interests and revenues under collection	(21,350)	21,959
Indirect credit facilities	(364,774)	(312,776)
Total	4,773,802	13,115,650

28. Interest Income

The details of this item are as follows:

	2021	2020
	JD	JD
Direct Credit Facilities		
Individual (retail)		
Overdraft	113,751	161,019
Loans and discounted bills	23,730,837	21,810,913
Credit cards	627,162	666,515
Real estate mortgages	4,137,159	4,707,700
Corporate lending		
Overdraft	3,418,508	4,002,209
Loans and discounted bills	9,783,652	9,947,538
Small and medium enterprises lending "SME's		
Overdraft	341,882	378,356
Loans and discounted bills	987,229	856,774
Government and Public Sector	2,119,478	1,035,269
Balances at central banks	16,301	135,662
Balances and deposits at banks and financial institutions	333,741	582,765
Financial assets at fair value through other comprehensive income	6,217,814	6,950,177
Financial assets at amortized cost	8,569,565	8,256,785
Interest income on margin trading financing for the subsidiary customer	2,668,881	2,583,016
Interest income on interest rate swap contracts	128,462	207,498
Total	63,194,422	62,282,196

29. Interest Expense

The details of this item are as follows:

	2021	2020
	JD	JD
Banks and financial institutions' deposits	1,810,534	2,544,453
Customers deposits :		
Current accounts and demand deposits	111,773	43,086
Saving deposits	19,111	24,088
Time and notice deposits	17,936,730	19,167,799
Margin accounts	1,394,390	1,456,136
Borrowed funds	3,371,767	3,454,757
Deposits guarantee fees	865,242	865,678
Interest paid on lease liabilities (Rents)	160,921	164,543
Interest paid on interest rate swap contracts	759,257	783,517
Total	26,429,725	28,504,057

30. Net Income Commission

The details are as follows:

	2021	2020
	JD	JD
Direct facilities commissions	2,149,524	1,936,007
Indirect facilities commissions	1,571,041	1,399,679
Total	3,720,565	3,335,686

31. Gain on Foreign Currency Exchange

The details are as follows:

	2021	2020
	JD	JD
Resulted from trading	1,100,021	476,774
Resulted from revaluation	(140,292)	349,724
Total	959,729	826,498

32. Gain on Financial Assets at Fair Value from Other Comprehensive Income

The details are as follows:

	2021	2020
	JD	JD
Dividends distribution income for corporations shares	4,000	31,875
	4,000	31,875

33. Other Income

The details of this item are as follows:

	2021	2020
	JD	JD
Brokerage commissions at financial markets	1,182,119	1,388,408
Visa Income	517,081	469,118
Management and consulting fees	17,950	14,537
Transfers commission	196,527	163,398
Recovery of written-off debts	193,081	117,423
Capitalized Gain	2,195	29,702
Returned cheques commission	38,656	19,216
Salaries transfer commission	303,065	287,379
Postal fees	558,231	524,027
Others	502,730	451,452
	3,511,635	3,464,660

34. Employees Expenses

The details of this item are as follows:

	2021	2020
	JD	JD
Salaries, benefits and allowances	10,984,533	10,861,518
Employees' bonuses	1,534,115	289,858
Social security contributions	1,348,882	1,361,789
Medical expenses	618,197	585,703
Training expenses	65,689	63,935
Travel and transportation expenses	9,198	6,651
Other	148,982	165,622
	14,709,596	13,335,076

35. Other Expenses

The details of this item are as follows:

	2021	2020
	JD	JD
Tax and fees	781,007	668,770
Computer expenses	1,525,562	1,420,667
Advertising and marketing expenses	381,330	1,033,434
Travel expense	9,720	2,373
General administration expenses (Bahrain)	212,476	238,509
Telecommunication expenses	954,370	962,154
Building Services and benefits expenses	631,260	599,148
Board of Directors' expenses	385,026	402,213
Office supplies expenses	425,471	379,471
Borrowers transactions fees	711,019	425,812
Consulting fees	96,381	66,152
Magazines and newspapers subscription	6,389	8,965
Work-related and statutory fees	579,383	427,922
Board of Directors' bonuses	30,500	85,500
ATM expenses	157,986	213,057
International Visa fees	208,454	194,158
Provisions of lands prepared for sale	-	153,116
Other	552,241	547,044
	7,648,575	7,828,465

36. Earning per Share for the Bank's Shareholders

The details are as follows:

	2021	2020
	JD	JD
Profit for the year	9,602,424	1,222,213
Weighted average of the number of shares	110,000,000	110,000,000
Basic and diluted earnings per share (JD/Fils)	-/087	-/011

The basic earnings per share from the profits for the year is equivalent to the diluted earnings per share from the profits for the year.

37. Cash and Cash Equivalent

The details for this item are as follows:

	2021	2020
	JD	JD
Cash and balances with the Central Bank of Jordan maturing within three months	55,272,058	52,217,487
Add: Balances at banks and financial maturing within 3 months	57,226,865	90,014,101
Less: Banks and financial institutions' deposits maturing within 3 months	(144,058,639)	(157,160,531)
	(31,559,716)	(14,928,943)

38. Derivatives

The following schedule represents the positive and negative fair value of financial derivatives, and thedistribution of their nominal value avccording to their maturity :

	Positive Fair Value	Negative Fair Value	Total Nominal Value	Nominal Value Maturity, according to Maturity Dates			
				Within 3 months	3-12 months	1-3 years	More than 3 years
	Thousand JD	Thousand JD	Thousand JD	Thousand JD	Thousand JD	Thousand JD	Thousand JD
2021							
Foreign currencies derivatives held for trading	24	104	47,977	47,977	-	-	-
Hedge interest rate swap contracts	-	135	7,090	3,545	-	3,545	-
	24	239					
2020							
Foreign currencies derivatives held for trading	85	50	87,012	87,012	-	-	-
Hedge interest rate swap contracts	-	323	7,090	-	-	3,545	3,545
	85	373					

The nominal value represents the value of the current transaction for the year-end, and does not reflect market risk and credit risk.

39. Related Party Transactions

Company's Name	Ownership Percentage	Paid-up Capital 2021	Paid-up Capital 2020
	%	JD	JD
Arab Co-operation for Financial Investments Company Ltd	100	15,600,000	15,600,000

All the balances and transactions between the Bank and the subsidiary company were eliminated.

The bank entered into transactions with parent and affiliated companies, directors, senior management and their related concerns in the ordinary course of business at commercial interest and commission rates. All credit facilities granted to related parties are performing loans and are free of any provision for impairment.

The details for this item are as follows:

	Related Party				December 31,	
	Subsidiary Company	Executive Management	Bank's Employees	Board of Directors	2021	2020
	JD	JD	JD	JD	JD	JD
Consolidated Statement of Financial Position Items:						
Direct credit facilities	-	1,861,435	10,701,496	17,215	12,580,146	11,645,658
Balances at banks and financial institutions	11,687,324	-	-	-	11,687,324	11,987,761
Deposits at banks and financial institutions	41,449,877	-	-	-	41,449,877	37,452,830
Customers' deposits	-	2,874,493	1,956,663	1,864,597	6,695,753	5,524,875
Loans and borrowings	7,799,000	-	-	-	7,799,000	3,190,500
Off-Consolidated Statement of Financial Position Items:						
Letters of guarantee	23,285,931	-	-	-	23,285,931	41,549,882
letters of credit	7,813,299	-	-	-	7,813,299	3,815,790
Interest rate swap contracts	7,090,000	-	-	-	7,090,000	7,090,000
Currency swap contracts	10,635,000	-	-	-	10,635,000	32,018,000
					For the year ended December 31	
					2021	2020
Consolidated Statement of Profit or Loss Items:					JD	JD
Interest and commission income	345,815	34,743	240,072	-	620,630	1,112,871
Interest and commissions expense	(330,522)	(134,373)	(329,997)	(47,657)	(842,549)	(710,865)

* Interest rates on credit facilities range from 3% to 8.872%, and interest rates on customers' deposits range from 0.01% to 4.5%.

** In addition to what was disclosed in the above table, the total balance of the credit facilities provided to the Bank's related parties, numbering 125 clients, amounted to JD 5,271,788 as of December 31, 2021, against acceptable guarantees of JD 3,297,468 as of December 31, 2021. The interest rates payable on these credit facilities range from 2% to 14%, while the commission rates range from .05% to 1%.

Summary of the Bank's Executive Management's Remunerations:

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
	JD	JD
Salaries and bonuses	2,451,831	2,372,229
Total	2,451,831	2,372,229

40. Risk Management

Based on the importance of managing the various risks that surround the Bank's business activities to which the Bank is or may be exposed in the future, the Bank continues to follow a risk management strategy in line with the direction of the Board of Directors, senior management, legislations, and laws issued by the Central Bank of Jordan, as well as with the policies and procedures of the parent institution in Bahrain, where the best international practices and the latest methods and techniques of risk management are applied. Moreover, risk management at the Bank is directly linked to the risk Management Committee of the Board of Directors.

The risk management process involves identification, measurement, evaluation and monitoring of financial and non-financial risks that can negatively affect the overall performance of the Bank. It is the responsibility of senior management to determine the main principles of risks and the amount of risks that the Group can accept, as well as their optimal distribution to the Bank's various business activities and sectors. During 2021, internal capital adequacy assessment process ICAAP, which included an assessment of the level of internal capital adequacy, legal liquidity ratios and other ratios, was continued on the basis of the expected business strategy for the next three years.

The Bank has been able to maintain a high level of capital adequacy as well as a comfortable liquidity ratio in anticipation of any stressful situations that may occur. It has also been able to maintain the Bank's durability according to ICAAP and Basel III requirements and to keep up with any modifications to the Basel requirements.

The Central Bank of Jordan (CBJ) has released the Stress Testing Instructions, hence the bank has developed a methodology, Policy and Procedure and approved by Board Risk Committee in order to apply these instructions, where Stress tests are considered a key element in risk management process at various level, as follows:

- Considered a major quantitative tool for understanding the bank’s risk profile and the ability of the bank to withstand various types of shocks, and high risks.
- An important part of the capital planning process through Internal Capital Adequacy Assessment Process (ICAAP).
- Help the bank to estimate the size of future capital that must be available in the coming years in accordance with its established strategy.
- An important part of identifying, measuring, and controlling liquidity risks in order to assess the bank’s liquidity and the adequacy of liquidity shocks mitigating tools.

These tests are designed to assess the bank’s financial situation in stress but possible scenario, where the necessary reports have been made and submitted to the Board Risk Committee, which adopt the assumptions and scenarios used, discuss the results of the tests, and adopt the actions to be taken based on these results.

Governance of Stress Testing

Stress tests must be a key part of risk governance and risk management culture of the bank in order to enhance the ability of the bank to identify and control risks.

The Role of the Board of Directors:

- The board of directors must ensure the existence of an effective framework for stress tests to evaluate the ability of the bank to withstand shocks and confront high risks. In this regard, the stress testing program at the bank will be the ultimate responsibility of the board of directors, and approve of the related policies and procedures.

- The board of directors must verify that the risk management department conducts the stress tests on a periodic basis. The board of directors must have a major role in setting the assumptions and the scenarios used, analyzing the stress testing results, and approving the procedures to be implemented based on the stress testing outcomes.

The Role of the Senior Executive Management:

- Executing and monitoring the stress testing program and in line with the methodology adopted by the board of directors which is in line with the determined stress testing based on the Central Bank of Jordan instructions.
- Ensuring the availability of a qualified staff at the risk management department to conduct the stress testing and that the department does possess the appropriate tools and means for the tests.
- Ensuring the availability of a suitable number of possible scenarios that are related to the business of the bank, given that these scenarios are well- understood and documented.
- Using the results of the stress tests in setting and identifying the bank's risk appetite statement, and in planning for capital and liquidity.

The Role of the Risk Management:

To adopt the Central Bank of Jordan instructions related to the design of stress testing program and use of forms and methodologies to determine their impact on the bank to cover, but not be limited to, the following aspects:
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- Stress tests must encompass scenarios ranging from the lowest impact to the highest impact
- Making sure that the tests cover all the complex financial products as needed
- Taken into consideration the possible changes in the market circumstances that might adversely impact the bank's exposure to concentration risks
- Stress tests shall include scenarios to evaluate the size and impact of the off- balance sheet assets on other types of risks
- including some scenarios that are related to the reputational risks in stress tests, by reflecting the risks outcome which may have an impact of the Bank's reputation and in which it also reflect on the Bank's liquidity, it's liquid assets, through withdrawals of deposits by some customers.
- The tests used must be appropriate to the degree of risk appetite that the bank has set for itself so that the scenarios selected by the bank commensurate with the size, nature, and complexity of the bank's business as well as the risks associated with the bank.
- The stress testing program must include both quantitative and qualitative methods to improve the comprehensiveness of these tests and make them supportive and complementary to the patterns and approaches of risk management used in the bank.
- The tests must range from simple sensitivity tests that are based on the change(s) in a single risk factor analysis sensitivity and to scenarios that are based on statistical methods which take into consideration the relationships among the drivers of systemic risks in times of crises, noting that the part related to scenario analysis is annually determined by the Central Bank of Jordan.
- Set a suitable dialogue format among the various related parties in order to obtain their views and opinions regarding the possible shocks and stressful situations in case of it occurrence so that it can then identify the assumptions and scenarios suitable for the internal and external risks that the bank might be exposed to. All concerned parties in the bank, such as Compliance Department, Internal Audit Department, Central Operation Department, Legal Department and Businesses Departments and others involved must participate in this dialogue in order to identify the possible shocks for Operational Risk on an annual basis and according to the instructions of the Central Bank of Jordan.
- The results of the tests should be submitted to the Local Assets and Liability Committee and the local Board Risk Committee and the Risk Committee stemmed by the Bank's Board of Directors and on an annual basis.

The Role of the Internal Audit:
The internal audit department is responsible for reviewing and evaluating the stress testing framework at least once a year, and for reporting the results of the review and evaluation to the board of directors.

During 2020, the Bank reviewed and updated all risk policies based on the determined period for this and in which it ensures all the monitoring and internal requirements to be adopted by the Board of Directors, noting that the Bank keen on periodically reviewing the various policies in order to deal with the surrounding risks and limit their impact.

During 2021, the Bank continued to implement IFRS (9) requirements through applying the methodology adopted by the parent institution in Bahrain with some adjustments to suit the requirements of the Central Bank of Jordan in this regard. Moreover, the expected credit losses (ECL) have been calculated based on the stages of classification of assets within the stages specified in this standard in accordance with Bank's financial statements for the year 2021. These results were presented to the Board of Directors, Board Risk Committee, and the Local Committee of the Bank. The following represents a background of this methodology:

1. Definition of the Bank's implementation of default and the mechanism of dealing with default

The Bank follows and applies the Central Bank of Jordan’s Instructions No. (2009/47) dated December 10, 2009 for the classification of the non-performing accounts for the outstanding Bank’s credit portfolio, where it classifies the non-performing debts and interest in suspense automatically within the used Bank’s system, and according to the classifications included in the instructions (sub-standard, doubtful debts, and loss debts).

1) Bank’s application of default:
The Central Bank of Jordan’s instructions are applied with regards to the classification of impaired debts and suspension of interest. As for provisions, the Central Bank of Jordan’s instructions and the internal Bank’s policies are applied, whereby the most conservative results are taken.

2) Mechanism of default treatment:
- Scheduling of indebtedness according to the scheduling principles stated in the instructions of the Central Bank of Jordan.
- Final payments and deducting part of the debt.
- Taking legal procedures to collect the Bank's rights.
- Manually transferring non-performing accounts to performing accounts.

Taking into consideration the instructions of the Central Bank of Jordan and the internal policy adopted by the Bank, where the more conservative and strict procedures are adopted. The classification of risk ratings for non-performing accounts is adopted as follows:

Classification Segment	Internal Classification for Non-performing Facilities
Sub-standard	9
Doubtful debts	10
Loss debts	11

2. Detailed explanation of the Bank's internal credit classification system and its working mechanism

The Bank evaluates corporate customers based on Moody's internal evaluation system. Moreover, the evaluation relies on the evaluation of the financial elements and the non-financial elements where the financial statements relating to the results of corporate clients are entered into the internal rating system when granting, reviewing, or modifying the ceilings of the facilities granted to the client within the ratios and financial indicators specified on the system. In addition, there are standards and non-financial requirements entered into the system to extract the customer's degree of risk classification based on the risk classification degree listed below. This degree is entered through the Bank's system, indicating that the classification degrees 7 & 8 also include watch-list facilities accounts. On the other hand, the classification ratings of (9, 10, and 11) relate to the non-performing facilities accounts based on the Central Bank of Jordan's Instructions No. (47/2009). In this respect, the classification related to the watch list and non-performing accounts are performed automatically in the system.

Internal Risk Grade	Description
1	Exceptional
2	Excellent
3	Superior
4	Good
5	Satisfactory
6	Adequate
7	Marginal/Watch list
8	Special mention
NPLs (9,10 &11)	Sub-Standard, Doubtful and Loss

3. Mechanism adopted for calculating the expected credit losses (ECL) based on financial instruments for each individual item.

- The expected credit losses are calculated based on financial instruments classified under the amortized cost portfolio or through the other comprehensive income statement based on an individual basis, on debt instruments. The calculation is performed according to the Treasury Department's business model adopted by the Bank's Board of Directors, where these tools are subject to impairment calculation (Expected credit losses) according to IFRS (9) requirements. Meanwhile, loss is recorded in the consolidated statement of Profit or Loss.

- The debt instruments issued or guaranteed by the Government of Jordan are excluded from the expected credit loss.

4. Regulatory requirements for the implementation of International Financial Reporting Standard (9) including the responsibilities of the Board of Directors and Executive Management in ensuring compliance with the said requirements.

- The Bank's Board of Directors shall adopt the policies and documents relating to the standards, methodologies, and the basis for calculating the requirements of IFRS (9) according to the Central Bank of Jordan's instructions, including periodically reviewing the results of the expected credit losses calculation and standing up on the developments and updates related to these results, in addition to the basis and other matters related to the calculation.

- The Board of Directors approves any exceptional case in which an allowance is made or expected credit losses are taken, and the adjustments concerning the expected credit losses calculation results according to clear and reliable justifications.

- The Bank's Steering Committee for managing the application of IFRS (9) is chaired by the CEO, and its membership consists of each of the heads of the executive departments concerned with the application. The members represent the heads of the business units, backing and support group, risk management, financial control, and information system management. This Committee supervises the application of IFRS (9) requirements, and is responsible for applying it to ensure that the concerned departments shall implement this plan according to the competence of each to comply with the roles assigned; implement the procedures related to the implementation steps and stages of applying this standard in the Bank; present the completion results once ready; and coordinate with the various credit committees in the Bank to obtain the necessary approvals for the cases that require an adjustment to the results of calculating the volume of the expected losses, and reviewing the result of calculating the volume of credit facilities.

- The Credit Committee presents and reviews the list of accounts that need to be monitored closely and under control in order to verify that the size of the provisions calculated are in accordance with the required standard commensurate with the credit risk related to these accounts.

- The requirements of IFRS (9) has been implemented through the Arab Banking Corporation/parent company in Bahrain. Moreover, agreement has been reached d to apply this standard at the Group's level through Moody's Company.

5. Definition of the mechanism for calculating and controlling the probability of default (PD), credit exposure at default (EAD), and loss given default (LGD).

- According to IFRS(9), the expected credit loss measurement model has been applied using the following framework:
  Expected Credit Losses = Credit Exposure at Default * Probability of Default * Loss Given Default.

- Credit exposure is calculated according to the Central Bank of Jordan's instructions as follows: loans and credit facilities (direct and indirect), debt instruments recorded at amortized cost, debt instruments recorded at fair value through the statement of comprehensive income, financial guarantees, credit exposures to bank and financial institution, the unutilized direct limits, taking into consideration the conversion factor for indirect requirements. A rate of 100% has been adopted for calculating the exposure at default.

- The Probability of Default ratios have been calculated according to the results of the evaluation of the risk degree of the credit portfolio of the customers during the past years. Moreover, the required review has been conducted regarding the customer's risk assessment forms for all corporates and banks through Moody's system according to the following table:

Moody's Rating	Notch	ABC – Rating
Aaa	1	1
Aa1	2	2+
Aa2	3	2
Aa3	4	2-
A1	5	3+
A2	6	3
A3	7	3-
Baa1	8	4+
Baa2	9	4
Baa3	10	4-
Ba1	11	5+
Ba2	12	5
Ba3	13	5-
B1	14	6+
B2	15	6
B3	16	6-
Caa1	17	7+
Caa2	18	7
Caa3	19	7-
Ca	20	8
	Sub-Standard	9
	Doubtful	10
	Loss	11

- The loss given default ratio is calculated using the systems approved by the external supplier of Moody's company, assuming that the default happens after calculating the recoverable amount of the credit exposure and the timing of the recovery, taking into consideration the collaterals provided against the credit exposure and the application of the deduction ratios determined in accordance with the internal standards adopted by the Bank.

- The methodology for calculating the expected credit loss in the stage one and two was adopted on a Collective Basis level for the retail portfolio (personal loans, housing loans, credit cards and auto financing loans). Moreover, the Roll Rate Approach was adopted. Such portfolios or products carry similar credit risk and share several elements such as (type of product, quality of collateral provided, nature of financing, duration of financing, sector, etc.)

- The stress tests required in accordance with IFRS (9), which is part of the expected credit loss calculation process, were adopted in three scenarios to study the future forecasts and their effect on the variables of the expected credit loss measurement model, represented by a base scenario, downside scenario, and upside scenario, since we have adopted the weighted probability value for these scenarios.

- As for the calculation of the credit loss under Stage 3, we continue to follow the Central Bank of Jordan's Instructions No. (47/2009) for the classification of non-performing debts, suspension of interest, calculation of provisions and acceptable haircut rates for collateral based on these instructions and the volume of credit losses are calculated based on IFRS 9 in which the more conservative is taken.

6. Determinants of the significant change in the credit risk on which the Bank relies for calculating the expected credit losses

To calculate the size of the credit loss for the facilities of corporate customers and financial institutions (the Banks) of all types to be classified as part of the stage two, the investment portfolio, indirect liabilities on individual basis, the determinants of the significant change in credit risk (SICR) were adopted as follows:

- A decrease or deterioration in the actual internal credit rating of the borrower according to the internal rating system applied by the Bank related to comparison with the internal rating of the borrower at the time of granting the loan.

- Accounts with no risk rating degree on the system at the facility granting and their current degree of risk rating 5+ or worse classified in stage two.

- The unpaid accruals on one of the client accounts or the borrower equal to or greater than 30 days.

- Accounts classified as watch list (internal ratings 7 and 8).

- Accounts that need to be actively monitored by the Bank within the account.

- Accounts that have restructured the debtor's obligations (structuring obligations).

- As for the credit portfolio for retail facilities of all types, the customers' loans with dues for more than or equal to 30 and less than 90 days are classified in the stage two, in addition to the restructured accounts.

7. The Bank's policy in identifying the common elements (characteristics) on which the credit risk and expected loss are based on a collective basis

- The methodology for calculating the expected credit loss in stage one and two was adopted at the Collective Base level for the retail portfolio (personal loans, personal loans against cash margins, housing loans, credit cards, and auto financing loans). Moreover, the Roll Rate Approach was adopted. Such portfolios or products carry similar credit risks and share several elements such as (type of product, quality of collateral provided, nature of financing, duration of financing, sector, etc.).

- The roll-rate approach was used to calculate the probability of default for retail products for each product based on the reports extracted from the Bank during the past years and monthly to determine the distribution of dues. The loss given default ratio was calculated by reference to the size of the realized recoveries of the NPL portfolio for each type of the retail portfolio, including the overdrawn account during the previous years.

- Recently, an independent and more detailed methodology has been developed to calculate the expected credit loss of the credit portfolio granted by the subsidiary "Arab Co-operation for Financial Investments", representing the financing of shares within margin trading and Spot trading products for Stage (1), Stage (2), and Stage (3). In this regard, the risk rating of the performing portfolio customers classified within Stage (1) has been considered one notch less than the risk rating of the country (Jordan). Meanwhile, the risk rating of the customers classified within Stage (2) has been considered four notches less the risk rating of the country (Jordan). As for the maturity of the credit facilities, the maturity date of the margin trading product has been considered one whole year for the credit facilities classified within Stage (1). At the same time, 4 years have been added to the credit facilities classified within stage (2). As for Spot trading product, the maturity of these facilities is 3 months, whereas for the loss given default, 5 %(LGD Floor) has been adopted for the facilities classified within Stage (1) (calculated according to the coverage percentage of the existing credit facilities), and 10% for the LGD Floor for the customers classified within Stage (2). As for the classification of Stage (3) (Defaulted accounts), the Company adopts the approved internal policy in this regard.

8. Primary economic indicators used by the Bank in calculating the expected credit loss probability of default (PD)

The parent institution in Bahrain used an external supplier to conduct the calculation of expected credit loss by adopting three scenarios to study the future forecasts and their impact on the variables of the credit loss measurement model. The economic factors used in the calculation were the economic growth ratios in Jordan and the stock price index.

The banking significant risk for the Group and management tools to handle it:

(40/a) Credit Risk

Credit risk represents the other party's default or inability of the financial instrument to meet its obligations toward the Group which could result in a loss. The Bank divides the direct credit facilities portfolio into four sections comprising credit facilities for governments and financial institutions, including banks and companies, consisting of both corporate and medium-size facilities; as well as retail facilities, including personal loans, housing loans and other products such as credit cards and personal car loans. These policies include rules and procedures that must be adhered to when granting or renewing facilities. They also include a special evaluation for each customer through rating, whereby CreditLens is currently used to classify the facilities of corporates and medium companies, and in which is performed automatically. In addition, a Credit Scoring model is adopted to assess customers included in the retail portfolio.

The Bank is also pursuing a policy of diversification at the level of customers, economic sectors and geographical regions, which contributes to reducing the degree of credit risk. In order to control the risks of lending, the Risk Management Committee of the Board of Directors holds periodic meetings to discuss all matters related to credit risk, and is provided with quarterly reports on the distribution of the facility portfolio in terms of economic distribution, credit rating, geographical distribution, tenor for facilities, volume of expected credit losses, review of the results of regulatory and internal capital adequacy ratios, and the results of stress testing and risk appetite limits, which determine the direction of the Bank in the upcoming period. The adequacy of the impairment provision for the credit facilities is reviewed periodically in accordance with the instructions of the Central Bank of Jordan. Moreover, the volume of expected credit losses is reviewed in accordance with IFRS (9).

The details of the direct credit facilities portfolio are stated in Note (8). In addition, the Group’s off-balance sheet financial position obligations carrying credit risks are detailed in Note (40).

Rescheduled Debts:

These represent the debts pre-classified as non-performing credit facilities and derecognized as non-performing credit facilities according to assets rescheduling, and recognized as stage 2 debts. The total rescheduled debts amounted to JD 799,863 during 2021 (JD 527,977 during 2020).

Restructured Debts:

Restructuring means rearranging the credit facilities through amending the installments, prolonging the facilities, postponing some other installments, increasing the grace period, or classifying the credit facilities as debts under Watch list. Restructured debts totaled JD 30,152,227 including some accounts that have been restructured twice during the year totaling JD 6,021,777 as of December 31, 2021 (a total of JD 16,037,230 as of December 31, 2020 , including some accounts that have been restructured twice during the year with a total of JD 9,374,285).

1 - Credit Exposures Distributions

Internal Rating for the Bank	External Institutions Classification	Category Classification According to (2009/47)	Total Exposure Value	Expected Credit Loss	Probability of Default	Exposure when Default	Average Loss on Default
			JD	JD	%	JD	%
1	Aaa	Performing Loans	16,734,801	12,280	from 0.0016 - to 0.0515	16,746,956	from 0.01-to 0.6
2	Aa1 , Aa2 , Aa3	Performing Loans	13,693,109	11	from 0.000187082 - to 0.5042	13,693,119	from 0.01-to 0.6
3	A1 , A2 , A3	Performing Loans	43,254,090	15,591	from 0.000318583- to 0.001550364	43,269,681	from 0.320586355-to 0.493614057
4	Baa1 , Baa2 , Baa3	Performing Loans	34,466,239	205,853	from 0.002149292-to 0.004905712	34,672,092	from 0.417631802-to 0.496370387
5	Ba1 , Ba2 , Ba3	Performing Loans	411,191,499	2,303,502	from 0.006539735-to 0.014563547	359,320,074	from 0.02-to 0.499269072
6	B1 , B2 , B3	Performing Loans	730,905,718	2,976,277	from 0.015529212-to 0.05133581	722,965,223	from 0.02-to 0.571400534
7	Caa1 , Caa2 , Caa3	Performing Loans	22,276,972	1,872,333	from 0.049041311-to 0.167857161	22,952,093	from 0.02-to 0.519752535
8	Ca	Performing Loans	15,561,554	8,927,481	from 0.1556617-to 0.224509044	24,484,035	from 0.02-to 0.520075952
Total			1,288,083,982	16,313,328		1,238,103,273	
Non-performing exposures							
9		Non Performing	1,362,696	514,892	100%	1,877,589	
10		Non Performing	1,009,218	1,852,389	100%	2,861,606,216	
11		Non Performing	6,142,229	42,981,133	100%	49,123,361	
Total			8,514,143	45,348,414		2,912,607,166	
Net total			1,296,598,125	61,661,742		4,150,710,439	

2. Credit risk according to economic sectors:

a. Distributions according to financial instruments exposure:

	2021										2020
	Financial	Industrial	Trading	Real Estate	Agriculture	Stock	Individuals	Government and Public	Other Services	Total	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cash at central Banks	-	-	-	-	-	-	-	49,417,591	-	49,417,591	45,522,857
Balances at banks and financial institutions	57,218,887	-	-	-	-	-	-	-	-	57,218,887	89,979,061
Deposits at banks and financial institutions	23,978,806	-	-	-	-	-	-	-	-	23,978,806	7,343,135
Direct Credit facilities	10,981,439	99,227,166	40,061,307	82,250,103	3,422,895	30,596,210	330,431,966	49,098,506	47,259,605	693,329,197	649,941,932
Bonds and bills:											
Within: Financial assets at amortized cost	14,991,783	-	-	-	-	-	-	124,322,625	-	139,314,408	126,843,748
Within: Financial Assets through other comprehensive income	7,231,800	-	-	-	-	-	-	124,818,087	-	132,049,887	132,332,356
Within: Mortgaged financial assets	-	-	-	-	-	-	-	51,926,112	-	51,926,112	62,631,159
Other Assets	9,017,304	152,313	322,626	128,151	216	-	605,153	4,581,778	12,469	14,820,010	8,005,899
Total for the year	123,420,019	99,379,479	40,383,933	82,378,254	3,423,111	30,596,210	331,037,119	404,164,699	47,272,074	1,162,054,898	1,122,600,147
Letter of guarantees	39,879,131	6,272,966	10,295,399	9,824,256	60,019	-	-	-	13,690,481	80,022,252	99,672,778
Letter of credit	7,918,710	8,835,703	4,140,607	224,888	1,778,107	-	-	-	-	22,898,015	17,284,167
Other Liabilities	7,146,017	2,507,731	7,542,060	1,769,621	194,986	855,119	6,635,544	-	4,971,882	31,622,960	42,190,255
Total	178,363,877	116,995,879	62,361,999	94,197,019	5,456,223	31,451,329	337,672,663	404,164,699	65,934,437	1,296,598,125	1,281,747,347

b. Distribution of exposure according to staging IFRS (9)

	2021						2020
	Stage (1)		Stage (2)				
	Individual	Collective	Individual	Collective	Stage (3)	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Financial	178,341,326	-	-	-	22,551	178,363,877	199,085,056
Industrial	95,549,794	-	20,495,828	-	950,257	116,995,879	132,208,241
Trading	40,740,371	-	20,730,365	-	891,263	62,361,999	77,749,845
Real Estates	20,092,272	57,484,055	2,840,397	9,476,109	4,304,186	94,197,019	100,981,128
Agriculture	5,335,942	-	23,227	-	97,054	5,456,223	1,721,592
Stock	-	25,875,078	-	3,976,130	1,600,121	31,451,329	27,349,530
Individual	567,849	329,111,832	-	7,385,825	607,157	337,672,663	291,041,442
Government and public sector	404,164,699	-	-	-	-	404,164,699	379,929,573
Other Services	64,828,930	-	1,063,953	-	41,554	65,934,437	71,680,940
Total	809,621,183	412,470,965	45,153,770	20,838,064	8,514,143	1,296,598,125	1,281,747,347

3. Exposure distribution according to geographical distribution

a. Total exposure distribution according to geographic region:

	2021								2020
	Inside Jordan	Other Middle East Countries	Europe	Asia	Africa	America	Other Countries	Total	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cash and balances at central banks	49,417,591	-	-	-	-	-	-	49,417,591	45,522,857
Balances at banks and financial institutions	21,894,416	11,143,723	10,021,711	2,259,059	68,668	11,831,310	-	57,218,887	89,979,061
Deposits at banks and financial institutions	-	17,597,806	-	-	-	6,381,000	-	23,978,806	7,343,135
Direct credit facilities	693,329,197	-	-	-	-	-	-	693,329,197	649,941,932
Bonds and bills:									
Within: Financial assets through other comprehensive income	124,818,087	7,231,800	-	-	-	-	-	132,049,887	132,332,356
Within: Financial assets at amortized cost	139,314,408	-	-	-	-	-	-	139,314,408	126,843,748
Mortgaged financial assets (liabilities)	51,926,112	-	-	-	-	-	-	51,926,112	62,631,159
Other assets	5,887,353	131,409	-	8,795,828	-	5,420	-	14,820,010	8,005,899
Total for the year	1,086,587,164	36,104,738	10,021,711	11,054,887	68,668	18,217,730	-	1,162,054,898	1,122,600,147
Letters of guarantees	40,522,360	9,521,793	17,247,049	-	460,963	6,076,304	6,193,783	80,022,252	99,672,778
Letters of credit	14,928,979	-	1,700,963	-	6,268,073	-	-	22,898,015	17,284,167
Other Liabilities	31,622,960	-	-	-	-	-	-	31,622,960	42,190,255
Total	1,173,661,463	45,626,531	28,969,723	11,054,887	6,797,704	24,294,034	6,193,783	1,296,598,125	1,281,747,347

b. Exposure distribution according to staging (IFRS 9)

	2021						2020
	Stage (1)		Stage (2)				
	Individual	Collective	Individual	Collective	Stage (3)	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Inside Jordan	686,684,521	412,470,965	45,153,770	20,838,064	8,514,143	1,173,661,463	1,151,174,021
Other Middle East countries	45,626,531	-	-	-	-	45,626,531	49,580,060
Europe	28,969,723	-	-	-	-	28,969,723	47,715,978
Asia	11,054,887	-	-	-	-	11,054,887	539,982
Africa	6,797,704	-	-	-	-	6,797,704	351,802
America	24,294,034	-	-	-	-	24,294,034	25,492,358
Other Countries	6,193,783	-	-	-	-	6,193,783	6,893,146
Total	809,621,183	412,470,965	45,153,770	20,838,064	8,514,143	1,296,598,125	1,281,747,347

4. Credit exposures that have been reclassified

a. Total credit exposures that have been reclassified:

	2021					
	Stage (2)		Stage (3)			
	Total Exposures Amount	Exposures that have been Reclassified	Total Exposures Amount	Exposures that have been Reclassified	Total Exposures that have been Reclassified	Percentage of Exposures that have been Reclassified
	JD	JD	JD	JD	JD	%
Direct credit facilities	63,033,105	8,673,456	3,569,477	2,415,319	11,088,774	1.18%
Total	63,033,105	8,673,456	3,569,477	2,415,319	11,088,774	1.18%
Letters of guarantee	691,913	4,950	4,944,666	7,500	12,450	0.0013%
Letters of credit	850,328	-	-	-	-	0.0000%
Other liabilities	1,377,810	25,361	-	-	25,361	0.0027%
Total	65,953,156	8,703,767	8,514,143	2,422,819	11,126,586	1.1795%

	2020					
	Stage (2)		Stage (3)			
	Total Exposures Amount	Exposures that have been Reclassified	Total Exposures Amount	Exposures that have been Reclassified	Total Exposures that have been Reclassified	Percentage of Exposures that have been Reclassified
	JD	JD	JD	JD	JD	%
Direct credit facilities	77,954,122	13,284,821	6,262,998	1,625,426	14,910,247	0.85%
Total	77,954,122	13,284,821	6,262,998	1,625,426	14,910,247	0.85%
Letters of guarantee	2,700,878	2,385,891	4,914,055	967,881	3,353,772	0.19%
Letters of credit	907,278	-	-	-	-	0.00%
Other liabilities	3,167,593	70,778	-	-	70,778	0.04%
Total	84,729,871	15,741,490	11,177,053	2,593,307	18,334,797	1.05%

Reclassified credit exposures

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

	2021							
	Exposures that have been reclassified			Expected credit loss due to reclassified exposures				
				Stage (2)		Stage (3)		
	Exposure Reclassified from Stage (2)	Exposure Reclassified from Stage (3)	Total	Individual	Collective	Individual	Collective	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Direct credit facilities	8,673,456	2,415,319	11,088,774	105,942	1,396,752	1,322,762	3,746,492	6,571,948
Total	8,673,456	2,415,319	11,088,774	105,942	1,396,752	1,322,762	3,746,492	6,571,948
Letters of guarantee	4,950	7,500	12,450	50				50
Letters of credit	-	-	-	-				-
Other liabilities	25,361	-	25,361	1,278				1,278
Total	8,703,767	2,422,819	11,126,586	107,269	1,396,752	1,322,762	3,746,492	6,573,275

	2020							
	Exposures that have been reclassified			Expected credit loss due to reclassified exposures				
				Stage (2)		Stage (3)		
	Exposure Reclassified from Stage (2)	Exposure Reclassified from Stage (3)	Total	Individual	Collective	Individual	Collective	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Direct credit facilities	13,284,821	1,625,426	14,910,247	83,059	559,510	4,911,406	296,703	5,850,678
Total	13,284,821	1,625,426	14,910,247	83,059	559,510	4,911,406	296,703	5,850,678
Letters of guarantee	2,385,891	967,881	3,353,772	10,453				10,453
Letters of credit								-
Other liabilities	70,778	-	70,778	940				940
Total	15,741,490	2,593,307	18,334,797	94,452	559,510	4,911,406	296,703	5,862,071

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

	December 31,	
	2021	2020
	JD	JD
Consolidated Financial Position Items		
Balances at central banks	49,417,591	45,522,857
Balances at banks and financial institutions	57,218,887	89,979,061
Deposits at banks and financial institutions	23,978,806	7,343,135
Credit facilities at amortized costs- net:		
Individual	351,553,091	300,890,814
Real estate mortgages	67,360,249	71,071,805
Companies		
Corporates	202,372,983	225,346,151
SME's	22,944,368	22,513,745
Government and Public Sector	49,098,506	30,119,417
Bonds, bills and debentures:		
Within: Financial Assets through other comprehensive income	132,049,887	132,332,356
Within: Financial assets at amortized cost	139,314,408	126,843,748
Mortgaged financial assets	51,926,112	62,631,159
Other Assets	14,820,010	8,005,899
Total consolidated financial position items	1,162,054,898	1,122,600,147
Consolidated Financial Position Items		
Items off-consolidated statement of financial Position		
Letters of guarantees	80,022,252	99,672,778
Letters of credit	14,891,849	14,198,421
Acceptances	8,006,166	3,085,746
Un-utilized facilities limits	31,622,960	42,190,255
Total off-Consolidated statement of financial position items	134,543,227	159,147,200
Total consolidated on and off-statement of financial position items	1,296,598,125	1,281,747,347

The guarantees against the loans and facilities are as follows:

- Real Estate Mortgage
- Financial Instruments Mortgage, such as shares
- Bank Guarantee
- Cash Warranty
- Governmental Guarantee

The management observes the market value of collaterals periodically. In case there is a decline in the value of the collaterals, the Bank requests additional collaterals to cover the deficiency in value. In addition, the Group evaluates the collaterals against non-performing credit facilities periodically.

6. Expected credit loss as of December 31, 2021:

Description	Stage (1) Individual	Stage (1) Collective	Stage (2) Individual	Stage (2) Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Balances at banks and financial institutions	11,822	-	-	-	-	11,822
Direct credit facilities	1,728,672	2,218,724	10,143,371	1,657,326	45,348,414	61,096,507
Debt instruments within financial assets portfolio at amortized cost	8,217	-	-	-	-	8,217
Debt instruments within financial assets at fair value through other comprehensive income	2,830	-	-	-	-	2,830
Letters of guarantee	99,212	-	13,331	-	-	112,543
Un-utilized limits	235,334	26,738	115,900	1,733	-	379,705
Letters of credit	41,782	-	5,191	-	-	46,973
Other	2,514	-	631	-	-	3,145
Total	2,130,383	2,245,462	10,278,424	1,659,059	45,348,414	61,661,742

Expected credit loss as of December 31, 2020

Description	Stage (1) Individual	Stage (1) Collective	Stage (2) Individual	Stage (2) Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Balances at banks and financial institutions	35,040	-	-	-	-	35,040
Direct credit facilities	2,243,122	1,958,144	6,870,848	2,362,843	42,478,210	55,913,167
Debt instruments within financial assets portfolio at amortized cost	19,868	-	-	-	-	19,868
Debt instruments within financial assets at fair value through other comprehensive income	9,125	-	-	-	-	9,125
Letters of guarantee	118,495	-	13,138	-	-	131,633
Un-utilized limits	523,720	36,263	151,571	475	-	712,029
Letters of credit	53,941	-	6,392	-	-	60,333
Other	4,278	-	20,507	-	-	24,785
Total	3,007,589	1,994,407	7,062,456	2,363,318	42,478,210	56,905,980

Collaterals maintained as an Insurance and other credit supporting:

The Bank maintains collaterals or other credit supporting to reduce from the credit risks related to financial assets. The Group maintains of financial assets with a total amount of JD 1,297 millions as of December 31, 2021 (against JD 1.282 m as of December 31,2020). The total maintained collaterals at the end of the report equales to JD 187 as of December 31, 2021 (against JD 185 millions as of December 31, 2020). Noting that the collaterals value are not recognized less than the amount which will reduce from the credit risk. No changes occurred in collaterals polices at Bank during the current year.

The following the collateral fair value distribution against the total credit exposure:

		Collateral Fair Value							
Description	Total exposure	Cash Margins	Trading shares	Real Estate	Cars & Vehicles	Others	Total Collateral Value	Net Exposed -Post collateral	Expected Credit Loss
2021	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	49,417,591	-	-	-	-	-	-	49,417,591	-
Balances at banks and financial institutions	57,218,887	-	-	-	-	-	-	57,218,887	11,822
Deposits at banks and financial institutions	23,978,806	-	-	-	-	-	-	23,978,806	-
Individuals									
Real estate Loans	351,553,091	23,391,367	22,254,045	69,200	467,775	2,918	46,185,305	305,367,786	21,493,729
Corporates	67,360,249	537,119	-	64,372,232	-	2,348,078	67,257,429	102,820	567,178
Corporate enterprises	202,372,983	5,895,183	12,815,961	11,472,529	5,000,000	435,998	35,619,671	166,744,203	36,945,635
Small and medium enterprises (SME's)	22,944,368	6,769,868	-	4,727,135	518,360	6,010,047	18,025,410	4,918,958	1,981,042
Governments and public sector	49,098,506	-	-	-	-	-	-	49,098,506	108,923
Bonds, bills and debentures as follows:									
Within Financial assets at fair value through other comprehensive income	132,049,887	-	-	-	-	-	-	132,049,887	2,830
Within Financial assets at amortized cost	139,314,408	-	-	-	-	-	-	139,314,408	8,217
Mortgaged financial assets (Debt Instruments)	51,926,112	-	-	-	-	-	-	51,926,112	-
Other assets	14,820,010	-	-	-	-	-	-	14,820,010	3,145
Total	1,162,054,898	36,593,537	35,070,006	80,641,096	5,986,135	8,797,041	167,087,815	994,957,974	61,122,521
Letters of guarantees	80,022,252	4,084,263	-	4,183,706	-	61,902	8,329,871	71,692,381	112,543
Letters of credits	22,898,015	114,640	-	-	-	-	114,640	22,783,375	46,973
Other liabilities	31,622,960	1,449,024	-	1,599,747	10,404	209,847	3,269,022	28,353,938	379,705
Total	1,296,598,125	42,241,464	35,070,006	86,424,549	5,996,539	9,068,790	178,801,348	1,117,787,668	61,661,742
Net Total for the Previous Year	1,281,747,347	41,945,874	30,260,310	95,198,480	8,701,505	9,087,205	185,203,483	1,096,553,973	56,905,979

The following the collateral fair value distribution against the total credit exposure:

		Collateral Fair Value								
Description	Total exposure	Cash Margins	Trading shares	Accepted Bank Guarantees	Real Estate	Cars & Vehicles	Others	Total Collateral Value	Net Exposed -Post collateral	Expected Credit Loss
2020	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	45,522,857	-	-	-	-	-	-	-	45,522,857	-
Balances at banks and financial institutions	89,979,061	-	-	-	-	-	-	-	89,979,061	35,040
Deposits at banks and financial institutions	7,343,135	-	-	-	-	-	-	-	7,343,135	-
Individuals	300,890,814	22,721,179	18,905,331		112,807	399,521	3,059	42,141,897	258,748,917	20,260,675
Real estate Loans	71,071,805	602,981	-	-	67,958,786	-	2,838,391	71,400,158	(328,353)	724,144
Corporates										
Corporate enterprises	225,346,151	4,820,256	11,354,979	10,109	15,332,898	7,828,109	212,854	39,559,205	185,786,946	32,715,860
Small and medium enterprises (SME's)	22,513,745	6,566,927	-	-	6,002,840	450,926	5,656,921	18,677,614	3,836,131	2,103,565
Governments and public sector	30,119,417	529,754	-	-	-	-	-	529,754	29,589,663	108,923
Bonds, bills and debentures as follows:										
Within Financial assets at fair value through other										
comprehensive income	132,332,356	-	-	-	-	-	-	-	132,332,356	9,125
Within Financial assets at amortized cost	126,843,748	-	-	-	-	-	-	-	126,843,748	19,868
Mortgaged financial assets (Debt Instruments)	62,631,159	-	-	-	-	-	-	-	62,631,159	-
Other assets	8,005,899	-	-	-	-	-	-	-	8,005,899	24,785
Total	1,122,600,147	35,241,097	30,260,310	10,109	89,407,331	8,678,556	8,711,225	172,308,628	950,291,519	56,001,985
Letters of guarantees	99,672,778	4,879,472	-	-	4,011,891	-	-	8,891,363	90,781,415	131,633
Letters of credits	17,284,167	143,344	-	-	-	-	-	143,344	17,140,823	60,333
Other liabilities	42,190,255	1,681,961	-	-	1,779,258	22,949	365,871	3,850,039	38,340,216	712,029
Total	1,281,747,347	41,945,874	30,260,310	10,109	95,198,480	8,701,505	9,077,096	185,193,374	1,096,553,973	56,905,980
Net Total for the Previous Year	1,266,641,213	40,613,215	28,485,785	147,725	104,421,437	8,430,528	3,557,193	185,655,883	1,080,985,330	43,818,259

The following is the collaterals fair value distribution against the total credit exposure for stage (3) :

		Collateral Fair Value							
Description	Total Exposure	Cash Margins	Trading Shares	Real Estate	Cars & Vehicles	Others	Total Collateral Value	Net Exposed -Post collateral	Expected Credit Loss
2021	JD	JD	JD	JD	JD	JD	JD	JD	JD
Credit facilities:									
Individuals	1,475,404	-	1,352,108	-	57,306		1,409,414	65,990	17,884,263
Real estate loans	400,086	47,130	-	660,802	-	-	707,932	(307,846)	466,323
Corporate enterprises	1,440,043	-	739,889	1,518,761	-		2,258,650	(818,607)	25,231,006
Small and medium enterprises	253,944	48,997	-	317,608	37,500	9,109	413,214	(159,270)	1,766,822
Total	3,569,477	96,127	2,091,997	2,497,171	94,806	9,109	4,789,210	(1,219,733)	45,348,414
Letters of guarantee	4,944,666	787,320	-	-	-	-	787,320	4,157,346	-
Net Total	8,514,143	883,447	2,091,997	2,497,171	94,806	9,109	5,576,530	2,937,613	45,348,414
Net Total for the Previous Year	11,175,037	982,661	39	7,841,921	96,415	10,109	8,931,145	2,243,892	42,478,210

7 - bonds and Treasury bills

the table below shows the classifications of bounds and treasury bills according to the external clasification ratings (S&P):

2021				
Classification grade	Within financial assets at mortgaged cost	financial assets through comprehensive income	Within other financial assets at amortized cost	Total
	JD	JD	JD	JD
AAA	-	-	-	-
AA+	-	-	-	-
AA	-	3,668,579	-	3,668,579
AA-	-	-	-	-
A+	-	-	-	-
A	-	-	-	-
A-	-	-	-	-
BBB+	-	3,563,221	-	3,563,221
BBB	-	-	-	-
BBB-	-	-	-	-
BB+	-	-	-	-
BB	-	-	-	-
BB-	-	-	-	-
B+	-	-	-	-
B	-	-	-	-
B-	-	-	-	-
CCC-	-	-	-	-
C	-	-	-	-
Unclassified	-	-	14,991,783	14,991,783
Governmental or guaranteed from government	51,926,112	124,818,087	124,322,625	301,066,824
Total	51,926,112	132,049,887	139,314,408	323,290,407

2020				
Classification grade	Within financial assets at mortgaged cost	financial assets through comprehensive income	Within other financial assets at amortized cost	Total
	JD	JD	JD	JD
AAA	-	-	-	-
AA+	-	-	-	-
AA	-	3,716,188	-	3,716,188
AA-	-	-	-	-
A+	-	-	-	-
A	-	-	-	-
A-	-	-	-	-
BBB+	-	3,656,561	-	3,656,561
BBB	-	-	-	-
BBB-	-	-	-	-
BB+	-	-	-	-
BB	-	-	-	-
BB-	-	-	-	-
B+	-	-	-	-
B	-	-	-	-
B-	-	-	-	-
CCC-	-	-	-	-
C	-	-	-	-
Unclassified	-	-	14,980,132	14,980,132
Governmental or guaranteed from government	62,631,159	124,959,607	111,863,616	299,454,382
Total	62,631,159	132,332,356	126,843,748	321,807,263

All Bonds listed above are classiffed within stage 1.

(40/B) Market risk
Market risk relates to the losses from the financial positions on- and off- the statement of financial position arising from the changes in interest rates, exchange rates, and shares' prices. Moreover, market risk is monitored and managed by the Market Risks Department related to the Risk Management Department, in addition to other committees and regulatory entities, including the Assets and Liabilities Committee and Risk Management Committee which comprises of some members of the Board of Directors and the Risk management supervisors.

The Bank manages market risks from the Bank's investments in bonds and shares, exchange of foreign currencies swap contracts, and certificates of deposit using multiple advanced techniques in order to achieve comprehensive management for this kind of risks such as VaR (Value at Risk) which the Bank calculates daily, in a way that includes all the Bank’s portfolios subject to risks (Interest rates instruments, Equity instruments for trade, and the foreign currencies centers), by using the (Historical Simulation) which is based on several assumptions such as calculation for one day (one-day time horizon) and a confidence level of 99%. In this respect, VaR results are compared daily with the portfolio realized profit and losses.

The Bank also calculates the effect of the sensitivity of the change in interest rates for the financial instruments that change in accordance with the change in interest rates; and for the main currencies that the Bank deals with according to Basis Point Value (BPV) based on calculating the expected possible losses for the change in interest rate at one basis point (DV01).

The table below shows the effect of the financial instruments exposures risks on the statement of Profit or Loss according to the sensitivity analysis if the interest rate declines by one percent:

For the year 2021

According to the financial instruments (BPV=DV01)

Financial Instrument	DV01 value
	JD
Bonds	(67,686)
Gaps in bond's maturity	-
Finance Market	70
Interest / Currency swaps	1,308
Certificates of deposits	-

For the year 2020

According to the financial instruments (BPV=DV01)

Financial Instrument	DV01 value
	JD
Bonds	(72,459)
Gaps in bond's maturity	-
Finance Market	70
Interest / Currency swaps	2,054
Certificates of deposits	-

The table below shows the effect of currency risk on the statement of Profit or Loss according to the sensitivity analysis if the currency rate declines by one percent:

For the year 2021

According to currencies

Currency	DV01 value
	JD
Euro	(433)
Sterling Pound	(24)

For the year 2020

According to currencies

Currency	DV01 value
	JD
Euro	(438)
Sterling Pound	(139)

(40/C) Liquidity Risk

Liquidity risk is the risk that the Bank will not be able to provide the necessary funding to meet its liabilities in its maturity dates due to the inability to liquidate the assets. To minimize these risks, the Bank's management diversifies its sources of funds, manages and aligns the maturities of assets and liabilities, and maintains a sufficient balance of cash and cash equivalents and securities available for trade .

Within the framework of the general strategy to achieve a return on its investments, the Bank reviews and manages liquidity at various levels, including the Treasury, Financial Audit Department, Risks Management Department, as well as the Assets and Liabilities Committee which is specialized in this regard. The cash flow review includes an analysis of the maturity profile of assets and liabilities in an integrated manner. It analyzes the sources of funds, which include customers, correspondent banks, affiliates and associates, the Bank's branches in Jordan, and the distribution and concentrations of customer deposits by sector.

The Bank follows a liquidity management strategy approved by the Board of Directors aimed at implementing a comprehensive concept for managing the liquidity risk and associated dependencies efficiently and effectively. It also takes into consideration the diversification and appropriate distribution between sources and uses of funds.

The liquidity contingency plan has been developed and approved and is an integral part of the liquidity risk management policy, which would be activated for the management of liquidity risk and in case the bank is exposed to any unexpected withdrawals of customers' deposits exceeding the accepted liquidity ratios.

The contractual maturity dates of the assets have been determined based on the remaining period from the date of the consolidated statement of financial position until the contractual maturity date regardless of the actual maturities reflected by historical events relating to maintaining deposits and the availability of liquidity.

The Bank complies with the instructions of the Central Bank of Jordan stipulating that the foreign currency ratios should not become lower than 100% and not less than 70% for the Jordan Dinar. In addition, the liquidity ratios are reserved at levels higher than the minimum imposed by the Central Bank of Jordan.

In the previous period, the Bank has conducted studies on the calculation of the size of the deposits (the Core Deposits) according to the historical behavior of the customers' deposits over the past five years, and reflected the results of this study in the reports on the management of liquidity risk.

Liquidity Risk(40/C)

Firstly: The table below summarizes the maturities of financial derivatives as of the date of the financial statements:

	Less than one month	1-3 months	3-6 months	6 months-1 year	1-3 years	More than 3 years	without maturity	Total
As of December 31, 2021	Thousand of JD'S	Thousand of JD'S	Thousand of JD'S	Thousand of JD'S	Thousand of JD'S	Thousand of JD'S	Thousand of JD'S	Thousand of JD'S
Liabilities								
Deposits at banks and financial institutions	76,710	67,556	-	-	-	-	-	144,266
Deposits from customers	349,862	165,351	110,535	102,240	-	-	-	727,987
Cash credit	39,669	274	997	1,311	2,549	8,921	-	53,722
Borrowings	30,018	984	1,378	18,102	46,269	12,133	-	108,884
Other provisions	-	-	-	-	-	3,379	-	3,379
Income tax provision	6,883	-	373	-	-	-	-	7,257
Deferred tax liability	-	-	-	2,337	-	-	-	2,337
Leases contracts liabilities (Rents)	-	-	-	54	98	2,885	-	3,037
Other liabilities	15,338	3,070	1,273	2,533	11	816	-	23,042
Total	518,480	237,235	114,556	126,577	48,927	28,134	-	1,073,909
Total assets (as its expected maturity)	183,026	122,636	81,329	160,908	230,980	416,627	34,526	1,230,032
As of December 31, 2020								
Liabilities								
Deposits at banks and financial institutions	94,911	62,511	-	-	-	-	-	157,422
Deposits from customers	334,134	168,873	98,762	86,851	-	-	-	688,620
Cash credit	38,541	481	640	2,110	998	9,262	-	52,031
Borrowings	36,394	671	911	37,349	20,215	794	-	96,334
Other provisions	-	-	-	-	-	3,545	-	3,545
Income tax provision	5,993	158	306	-	-	-	-	6,456
Deferred tax liability	-	-	-	3,076	-	-	-	3,076
Leases contracts liabilities (Rents)	255	185	31	475	1,043	2,052	-	4,042
Other liabilities	15,070	1,652	1,206	2,470	11	1,225	-	21,634
Total	525,299	234,531	101,855	132,332	22,267	16,878	-	1,033,162
Total assets (as its expected maturity)	226,893	104,599	85,473	94,264	242,931	397,883	31,557	1,183,600

Gap of re-pricing interest rate:
The classification is based on interest or accrual intervals, whichever is closer:

The sensitivity of interest rate is as follows:

As at December 31, 2021	Less than One Month	1-3 Months	3-6 Months	6 Months -1 Year	1-3 Years	More than 3 Years	Without Maturity	Total
Assets	JD	JD	JD	JD	JD	JD	JD	JD
Cash and balances at the Central Bank of Jordan	7,000,000	-	-	-	-	-	48,272,058	55,272,058
Balances at banks and financial institutions	46,259,261	5,004,082	-	-	-	-	5,955,544	57,218,887
Deposits at banks and financial institutions	-	-	15,948,656	8,030,150	-	-	-	23,978,806
Financial assets at fair value from other comprehensive income	-	3,563,904	7,018,458	-	71,298,416	50,169,109	3,584,022	135,633,909
Direct credit facilities - Net	319,930,116	203,388,725	159,402,057	2,354,231	102,818	288,132	7,863,118	693,329,197
Financial assets at amortized cost	2,856,014	14,192,019	3,000,129	40,009,706	54,268,351	24,988,189	-	139,314,408
Mortgaged financial assets	11,144,057	9,808,140	-	-	-	30,973,915	-	51,926,112
Property and equipment	-	-	-	-	-	-	32,969,697	32,969,697
Intangible assets	-	-	-	-	-	-	1,556,131	1,556,131
Deferred tax assets	-	-	-	-	-	-	9,067,586	9,067,586
Right-of-use assets	-	-	-	-	-	-	2,826,245	2,826,245
Other assets	8,795,827	-	-	-	-	-	18,142,363	26,938,190
Total Assets	395,985,275	235,956,870	185,369,300	50,394,087	125,669,585	106,419,345	130,236,764	1,230,031,226
Liabilities								
Banks' and financial institutions' deposits	76,635,100	67,423,539	-	-	-	-	-	144,058,639
Customers' deposits	259,468,020	164,509,023	109,276,581	99,937,785	-	-	89,503,466	722,694,875
Cash credit	42,654,517	-	-	-	-	-	10,107,667	52,762,184
Borrowings	29,157,280	177,298	145,406	15,457,080	41,414,142	10,608,250	6,568,413	103,527,869
Other provisions	-	-	-	-	-	-	3,378,824	3,378,824
Income tax provision	-	-	-	-	-	-	7,256,848	7,256,848
Deferred tax liability	-	-	-	-	-	-	2,337,442	2,337,442
Leases contracts liabilities (Rents)	-	-	-	52,570	92,024	2,617,771	-	2,762,365
Other Liabilities	-	-	-	-	-	-	22,897,585	22,897,585
Total Liability	407,914,917	232,109,860	109,421,987	115,447,435	41,506,166	13,226,021	142,050,245	1,061,676,631
Gap of re-pricing interest rate:	(11,929,642)	3,847,010	75,947,313	(65,053,348)	84,163,419	93,193,324	(11,813,481)	168,354,595
As at December 31, 2020								
Total assets	412,184,815	208,894,012	158,631,768	15,185,995	121,543,587	142,143,461	125,016,988	1,183,600,626
Total liabilities	418,462,334	230,596,937	97,810,572	119,285,707	15,958,810	3,158,458	138,451,500	1,023,724,318
Gap of re-pricing interest rate	(6,277,519)	(21,702,925)	60,821,196	(104,099,712)	105,584,777	138,985,003	(13,434,512)	159,876,308

Concentration of Foreign Currency Risk

As of December 31, 2021	US Dollar	Euro	Sterling Pound	Japanese Yen	Other	Total
Assets	JD	JD	JD	JD	JD	JD
Cash and balances at the Central Bank of Jordan	9,173,059	5,940,754	25,436	-	8,532	15,147,781
Balances at banks and financial institutions	40,317,263	7,164,847	3,518,994	2,259,096	1,639,242	54,899,442
Deposits at banks and financial institutions	15,952,500	8,030,150	-	-	-	23,982,650
Direct credit facilities	78,378,691	-	-	-	-	78,378,691
Financial assets at fair value through other comprehensive income	14,253,088	14,250	-	-	-	14,267,338
Other assets	10,002,561	11,681	-	-	-	10,014,242
Total assets	168,077,162	21,161,682	3,544,430	2,259,096	1,647,774	196,690,144
Liabilities						
Banks' and financial institutions' deposits	75,685,584	26,107	-	-	-	75,711,691
Customers' deposits	113,242,320	26,665,504	2,236,382	2,257,404	197,847	144,599,457
Cash margins	4,008,639	1,358,346	1	-	-	5,366,986
Borrowings	7,799,000	-	-	-	-	7,799,000
Other liabilities	4,906,667	2,261,621	1,310,423	45	1,450,465	9,929,221
Total Liabilities	205,642,210	30,311,578	3,546,806	2,257,449	1,648,312	243,406,355
Net Concentration of Consolidated Financial Position Items	(37,565,048)	(9,149,896)	(2,376)	1,647	(538)	(46,716,211)
Off-consolidated Financial Position Contingent Liabilities	91,581,031	13,189,939	-	2,788,694	324,722	107,884,386
As of December 31, 2020						
Total Assets	184,091,576	22,746,016	7,548,211	539,404	2,484,645	217,409,852
Total Liabilities	213,070,351	31,479,242	7,567,250	535,163	1,626,380	254,278,386
Net Concentration of Consolidated Financial Position Items	(28,978,775)	(8,733,226)	(19,039)	4,241	858,265	(36,868,534)
Off-consolidated Financial Position Contingent Liabilities	90,780,082	17,083,320	-	-	2,210,928	110,074,330

Secondly: The table below shows the maturities of the financial derivatives on the basis of the remaining period of the contractual maturity from the date of the financial statements:

(A) Financial derivatives/ liabilities settled at their net value (offsetting basis) which include:

1- Interest rate derivatives: Interest rate swaps, deferred interest rates agreements, interest rate options in informal markets , other interest rates contracts, futures contracts for interest rates traded in formal market, contractual options for interest rates traded in formal markets.

	1-3 months	3-6 months	6 months -1 year	1-3 years	More than 3 years	Total
	JD	JD	JD	JD	JD	JD
2021						
Hedging Derivatives:						
Interest rate swaps	(57,429)	-	-	(77,990)	-	(135,419)
Total	(57,429)	-	-	(77,990)	-	(135,419)
2020						
Hedging Derivatives:						
Interest rate swaps	-	-	-	(120,201)	(202,545)	(322,746)
Total	-	-	-	(120,201)	(202,545)	(322,746)

(B) Financial Derivatives/ Liabilities that are settled at gross which include:

1- Foreign currency derivatives: futures contracts, currency exchange contracts.

	1-3 months	3-6 months	6 months -1 year	1-3 years	More than 3 years	Total
	JD	JD	JD	JD	JD	JD
2021						
Description						
Trading derivatives:						
Currency exchange contracts						
Outflows	48,092,150	-	-	-	-	48,092,150
Inflows	47,976,524	-	-	-	-	47,976,524
Total Outflows	48,092,150	-	-	-	-	48,092,150
Total Inflows	47,976,524	-	-	-	-	47,976,524
2020						
Description						
Trading derivatives:						
Currency exchange contracts						
Outflows	86,974,948	-	-	-	-	86,974,948
Inflows	87,011,934	-	-	-	-	87,011,934
Total Outflows	86,974,948	-	-	-	-	86,974,948
Total Inflows	87,011,934	-	-	-	-	87,011,934

Thirdly : Off-consolidated financial position items:

	Up to 1 Year	1 - 5 Years	Over 5 Years	Total
	JD	JD	JD	JD
December 31, 2021				
Letters of credit and acceptances	22,898,015	-	-	22,898,015
Un-utilized limits	31,622,960	-	-	31,622,960
Letters of guarantee	76,297,457	3,724,795	-	80,022,252
Total	130,818,432	3,724,795	-	134,543,227
December 31, 2020				
Letters of credit and acceptances	17,284,167	-	-	17,284,167
Un-utilized limits	42,190,255	-	-	42,190,255
Letters of guarantee	93,231,697	6,441,081	-	99,672,778
Total	152,706,119	6,441,081	-	159,147,200

(40/D) Operational risk

Operational risk is defined as the risk of loss that might impact revenues or capital resulting from inadequate or failed internal procedures, information systems, human element, or due to external events that have tangible impact on the Bank's operations. Operational risk also includes legal risk, excluding reputation and strategic risk.

For reputation and other risks such as strategic and quantitative risks that directly relate to liquidity risks, the Bank calculates capital to face those risks through evaluating it according to the adopted Scorecard form.

The Operational Risks Department carries out continuous work and closely coordinates with all heads in charge within the general management department to ensure the continuation of implementing the concept of the Operational Risk Management Framework effectively through the implementation of the principle of the three lines of defense model, which define the tasks and responsibilities of all departments of the bank, especially with regard to the application , a follow-up and monitoring the execution of the daily tasks in the remit of the first line of defense.

The Operational Risk Department continues to gather the operational losses data in addition to the operational risks indicators through the GRC-Tool, it monitors and update and ensure from the formulation of any correction plan around it, wherever necessary. The system objective is to allow the utilization by all concerned departments whether business departments, risks compliance, in addition to internal audit, thus enabling Executive Management to be aware of financial and non-financial risks on spot.

The methodology for control-self assessment of operational risks and the controls set against it through conducting a review at departmental level, in addition to the implementation of the standards from the parent Company in Bahrain in which it determine the required instructions to be applied according to the best international practices in this regard, through conducting an analysis for the gaps between what is applied and what is required to be applied in order to conduct the implementations plan, and the necessary solutions around it until reaching the specified goal for this evaluation and ensure from the availability of the monitoring and controls methods which govern the transactions execution at the Bank.

(40/E) Information Technology Risk

It is the risk that the Bank may face as a result of acquiring and using information technology resources to execute the Bank's operations that which may lead to financial losses, legal proceedings, or an adverse impact on the Bank's reputation or the services provided to the clients and related parties.

In order to enable the Bank's Risk Department to implement all the requirements stipulated in the Central Bank of Jordan's instructions relating to "governorship and management of information and associated technology", Central Bank of Jordan's instructions relating to "adapt to cyber risks", and policies and procedures stipulated by the Bank; and in order to complete the related work performed during 2020, the following points have been completed in 2021 :

1. Renewing and re-adopting the following policies and procedures:
   - IT Risk Policy.
   - Information and systems classification and protection policy.
   - IT Risk Assessment Mechanism.

2. Updating IT risk department work procedures by adding more details to the role of the IT risk department relating to monitor, analyse, and asses the risks which are managed by IT department, information security department, and business continuity department.

3. Updating the "Risk appetite statement and framework" document related to the acceptable risk limits and specifying the acceptable level for operational risks and cyber risks and obtaining the Board of Directors' approval thereon.

4. Preparing the reports as required in Central Bank of Jordan's instructions relating to "governorship and management of information and associated technology" and share them with the concerned parties by presenting them to the operational resilience Committee.

5. In order to develop the skills of IT risk management staff, those involved participated in many local conferences, training courses, and workshops related to IT governance and information security.

41. Segment Information

A. Information on Group business segment:

For management purposes, the Bank is organized into three major operating segments measured in accordance with the reports sent to the chief executive decision maker:

- Retail banking.
- Corporate banking.
- Treasury.

These segments are the basis on which the Bank reports its primary segment information:

	Retail	Corporate	Treasury	Other	Total Year-end December 31, 2021	Total Year-end December 31, 2020
	JD	JD	JD	JD	JD	JD
Total income	32,997,543	18,185,578	20,107,018	100,212	71,390,351	69,940,915
Provision for expected credit loss on financial assets	(1,088,715)	(3,681,018)	(4,069)	-	(4,773,802)	(13,115,650)
Segmental results	18,900,477	8,004,852	13,095,890	(52,498)	39,948,721	27,727,324
Unallocated segmental expenses					(24,822,107)	(23,519,834)
Profit before tax					15,126,614	4,207,490
Income tax					(5,524,190)	(2,985,277)
Net profit for the year					9,602,424	1,222,213
Capital expense					4,700,261	9,112,658
Depreciation and amortization					2,363,275	2,356,293
Other information						
Segmental assets	410,487,679	276,385,514	497,142,878	-	1,184,016,071	1,140,834,256
Unallocated segmental assets	-	-	-	46,015,155	46,015,155	42,766,370
Total Assets	410,487,679	276,385,514	497,142,878	46,015,155	1,230,031,226	1,183,600,626
Segmental liabilities	611,772,963	211,682,410	220,083,402	-	1,043,538,775	1,006,983,970
Unallocated segmental liabilities	-	-	-	18,137,856	18,137,856	16,740,348
Total Liabilities	611,772,963	211,682,410	220,083,402	18,137,856	1,061,676,631	1,023,724,318

b. Geographical distribution information

This disclosure represents the geographical distribution of the Group's business. The Group's operations are mainly concentrated within the local business.

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

	Inside Jordan		Outside Jordan		Total	
	2021	2020	2021	2020	2021	2020
	JD	JD	JD	JD	JD	JD
Gross income	66,596,989	67,266,803	4,793,362	2,674,112	71,390,351	69,940,915
Capital expenditures	4,473,791	9,053,922	226,470	58,736	4,700,261	9,112,658

	Inside Jordan		Outside Jordan		Total	
	2021	2020	2021	2020	2021	2020
	JD	JD	JD	JD	JD	JD
Total assets	1,154,671,138	1,113,660,924	75,360,088	69,939,702	1,230,031,226	1,183,600,626

42. Capital Management

a. The capital adequacy ratio as of December 31, 2021 and 2020 was calculated according to Basel III requirements where the Bank's regulatory capital consists of the Common Equity Tier1 (CET1) and Additional Tier 1 (AT1), and Tier 2 (T2)

b. The regulatory authorities' requirements regarding the Common Equity
The Central Bank of Jordan's instructions require that the minimum regulatory capital to be (12%) of the off-balance sheet assets weighted by risks, in addition to market risks and operational risks. This percentage is considered the minimum for capital adequacy, as the Bank is committed, in all cases, to maintaining an adequacy percentage above the minimum by an appropriate margin and in line with the requirements of BASEL III, as well.

c. Methods for achieving the capital management objectives
Capital management involves optimally employing sources of funds to achieve the highest return on capital possible within the acceptable risk limits approved by the Board of Directors, while maintaining the minimum limit required according to the laws and regulations in force. Moreover, the Bank follows a policy of striving to minimize costs of fund as much as possible through resorting to low-cost sources of funds, increasing the clients' base, and optimally employing such sources in investments with reasonable risks to achieve the highest possible return on capital.

d. Capital Adequacy

In addition to subscribed capital, capital includes the statuary reserve, voluntary reserve, share premium, retained earnings, cumulative change in fair value , general banking risk reserve, other reserves and treasury stocks.

The Bank is committed to applying the requirements set forth by regulators concerning capital adequacy as follows:

1- The Central Bank of Jordan's instructions requiring that capital adequacy ratio may not go below 12%.
2- Compliance with the minimum limit set for the paid capital for Jordanian banks such that it is not less than 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 legal reserve at a rate of 10% of the Bank's profit before tax.

	December 31,	
	2021	2020
Common Equity Shareholders' Rights	JD	JD
Paid-up capital	110,000	110,000
Retained earnings less proposed dividends	18,025	16,524
Cumulative change in fair value of financial assets	3,570	4,705
Share premium	67	67
Statuary reserve	29,892	28,380
Voluntary reserve	197	197
Total Capital of Common Stock	161,751	159,873
Regulatory amendment (deduction from capital)		
Goodwill and intangible assets	(1,556)	(1,520)
Mutual investment in the capital of banking, financial and insurance (within CET 1)	-	-
Deferred tax assets	(9,068)	(9,227)
Total Primary Capital	151,127	149,126
Additional capital		
Total Capital (Tier 1)	151,127	149,126
Tier 2 Capital		
Stage 1 (IFRS9)	4,376	5,002
Regulatory amendment (deduction from capital) / Investments in subsidiary		
Total Supporting Capital	4,376	5,002
Total Regulatory Capital	155,503	154,128
Total Risk-Weighted Assets	797,281	765,466
Capital Adequacy Ratio (%)	19.50%	20.14%
Primary Capital adequacy Ratio (%)	18.96%	19.48%

Capital adequacy was calculated as of December 31, 2021 and December 31, 2020 based on the resolutions of Basel Committee III.

Liquidity Coverage ratio:

	December 31, 2021 Banking Group Total Currencies
	Thousands Dinars
Total Liquid Assets High Quality	297,267
Net cash outflow for the next 30 days	137,185
Percentage for covering the liability	216.70%

The banking group liquidity coverage ratio at the average end of each month equates 201.67% for the Banking group of the total currencies for the year ended from January, 2021 until December, 2021.

43. Maturity Analysis of Assets and Liabilities

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

	Within in 1 Year	More than 1 Year	Total
December 31, 2021	JD	JD	JD
Assets			
Cash and balances at central banks	55,272,058	-	55,272,058
Balances at banks and financial institutions	57,218,887	-	57,218,887
Deposits at banks and financial institutions	23,978,806	-	23,978,806
Financial assets at fair value through other comprehensive income	14,166,385	121,467,524	135,633,909
Direct credit facilities	290,173,906	403,155,291	693,329,197
Financial assets at amortized cost	60,057,868	79,256,540	139,314,408
Financial assets at mortgage cost	20,952,197	30,973,915	51,926,112
Property and equipment	1,289,000	31,680,697	32,969,697
Intangible assets	440,000	1,116,131	1,556,131
Deferred tax assets	9,067,586	-	9,067,586
Right-of-use assets	634,456	2,191,789	2,826,245
Other assets	17,011,816	9,926,374	26,938,190
Total Assets	550,262,965	679,768,261	1,230,031,226
Liabilities:			
Banks' and financial institutions' deposits	144,058,639	-	144,058,639
Customers' deposits	722,694,875	-	722,694,875
Margin accounts	42,120,701	10,641,483	52,762,184
Borrowed funds	49,949,463	53,578,406	103,527,869
Sundry provisions	-	3,378,824	3,378,824
Income tax provision	7,256,848	-	7,256,848
Deferred tax liabilities	2,337,442	-	2,337,442
Leases contracts liabilities	160,921	2,601,444	2,762,365
Other liabilities	22,053,745	843,840	22,897,585
Total Liabilities	990,632,634	71,043,997	1,061,676,631
Net	(440,369,669)	608,724,264	168,354,595

December 31, 2020	Within in 1 Year JD	More than 1 Year JD	Total JD
Assets			
Cash and balances at central banks	52,217,487	-	52,217,487
Balances at banks and financial institutions	89,979,061	-	89,979,061
Deposits at banks and financial institutions	7,343,135	-	7,343,135
Financial assets at fair value through other comprehensive income	40,424,553	95,145,914	135,570,467
Direct credit facilities	285,083,847	364,858,085	649,941,932
Financial assets at amortized cost	14,121,801	112,721,947	126,843,748
Financial assets at mortgage cost	7,110,676	55,520,483	62,631,159
Property and equipment	1,267,000	28,770,561	30,037,561
Intangible assets	442,000	1,077,806	1,519,806
Deferred tax assets	9,226,618	-	9,226,618
Right-of-use assets	646,850	2,197,790	2,844,640
Other assets	5,718,784	9,726,228	15,445,012
Total Assets	513,581,812	670,018,814	1,183,600,626
Liabilities:			
Banks' and financial institutions' deposits	157,160,531	-	157,160,531
Customers' deposits	684,291,947	-	684,291,947
Margin accounts	41,662,423	9,658,280	51,320,703
Borrowed funds	73,867,743	19,616,398	93,484,141
Sundry provisions	-	3,545,381	3,545,381
Income tax provision	6,456,452	-	6,456,452
Deferred tax liabilities	3,076,163	-	3,076,163
Leases contracts liabilities	164,543	2,590,782	2,755,325
Other liabilities	20,233,272	1,400,403	21,633,675
Total Liabilities	986,913,074	36,811,244	1,023,724,318
Net	(473,331,262)	633,207,570	159,876,308

44. Contingent Liabilities and Commitments

The details of this item are as follows:

a. Credit Liabilities and Commitments:

	December 31	
	2021	2020
	JOD	JOD
Letter of Credits:		
Inward	36,358,176	24,908,517
Outward	12,670,288	13,806,852
Acceptances	8,006,166	3,085,746
Letter of Guarantees:		
Payment	23,008,491	22,140,259
Performance	31,369,786	51,652,717
Other	25,756,518	26,011,435
Unutilized credit facilities	32,002,665	42,902,284
Futures contracts in Foreign Currency	47,976,524	87,011,934
Interest swap contracts	7,090,000	7,090,000
Total	**224,238,614**	**278,609,744**

b. Contractual obligations

	December 31	
	2021	2020
	JOD	JOD
Contracts of purchase of property and equipment	471,810	1,198,975
Construction project contracts	5,712,553	4,924,170
Other purchases contracts	27,216	-
Total	**6,211,579**	**6,123,145**

45. Lawsuits raised against the Bank

Lawsuits against the Bank amounted to JD 4,455,353 as of December 31, 2021 (JD 4,394,174 as at December 31, 2020) and in the opinion of the bank's management and legal counsel the bank would not incur obligations in excess of the recorded provision which amounted to JD 688,413 as at December 31, 2021 (JD 688,413 as at December 31, 2020).

46. Fair Value Measurement

a. Fair value of financial assets and financial liabilities that are measured at fair value on a 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).

Financial Assets	Fair Value December 31, 2021	Fair Value December 31, 2020	The Level of Fair Value	Evaluation Method and Inputs used	Significant Unobservable Inputs	Relationship of Unobservable Inputs to Fair Value
	JD	JD				
Financial Assets at Fair Value						
Financial Assets at Fair Value through Other Comprehensive Income:						
Bonds	124,818,087	124,959,607	Level 2	According to last financial information available	N/A	N/A
Quoted shares in active markets	8,365,443	8,242,593	Level 1	Quoted prices in financial markets	N/A	N/A
Unquoted shares in active markets	2,450,379	2,368,267	Level 2	According to last financial information available	N/A	N/A
Total	135,633,909	135,570,467				
Total Financial Assets at Fair Value	135,633,909	135,570,467				
Unrealized gains on financial assets	23,662	85,468	Level 2	According to last financial information available	N/A	N/A
Financial liabilities						
Unrealized losses on financial derivatives	239,193	372,812	Level 2	According to last financial information available	N/A	N/A
Total liabilities at fair value	239,193	372,812				

There were no transfers between level 1 and level 2 during the year ended December 31, 2021.

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

Except for what is set out in the table below, we believe that the carrying amount of financial assets and liabilities shown in the consolidated financial statements of the Bank approximates their fair value:

	December 31, 2021		December 31, 2020		The level of
	Book value	Fair value	Book value	Fair value	Fair Value
	JD	JD	JD	JD	
Financial Assets of Non-specified Fair Value					
Term deposits, and certificate of deposits at the Central Bank	7,000,000	7,000,767	-	-	Level 2
Current accounts, and balances at Banks and Financial Institutions	81,209,515	81,265,237	93,357,236	97,427,250	Level 2
Direct credit facilities at amortized costs	771,765,838	772,950,417	720,005,003	722,193,177	Level 2
Other financial assets at amortized costs	191,248,737	194,000,618	189,494,775	192,280,425	Level 2
Total Financial Assets of Non-specified Fair Value	1,051,224,090	1,055,217,039	1,002,857,014	1,011,900,852	
Financial Liabilities of Non-specified Fair Value					
Banks' and Financial Institutions' deposits	144,058,639	144,058,639	157,160,531	157,160,531	Level 2
Customers' deposits	722,694,875	722,694,875	684,291,947	684,291,947	Level 2
Cash margin	52,762,184	52,762,184	51,320,703	51,320,703	Level 2
Borrowed funds	103,527,869	103,527,869	93,484,141	93,484,141	Level 2
Total Financial Liabilities of Non-specified Fair Value	1,023,043,567	1,023,043,567	986,257,322	986,257,322	

47. The 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 one 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 polices, estimates and judgments during the year ended on December 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.

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 year ended December 31, 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, during the year ended December 31, 2021 the bank had 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 from the beginning of the year amounted to around JD 32 million during the year 2021.