JORDAN COMMERCIAL BANK

AMMAN – HASHEMITE KINGDOM OF JORDAN

PUBLIC SHAREHOLDING LIMITED COMPANY

FINANCIAL STATEMENTS

31 DECEMBER 2021

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working world

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Jordan Commercial Bank – Public Shareholding Company
Amman – Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Jordan Commercial Bank (the Bank), which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, (or give a true and fair view of) the financial position of the Bank as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the Central Bank of Jordan

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements . These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the 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 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 financial statements.

1. Adequacy of the provision for expected credit losses (ECL) for credit facilities **Refer to note (32) on the financial statements**	
Key audit matter The calculation of the ECL provision requires significant judgement to determine the timing and amount to record as impairment. The provision for credit facilities at amortized cost are determined in accordance with the Bank's impairment and provisioning policy, which is aligned to the requirements of IFRS 9 as adopted by the Central Bank of Jordan. The Bank's gross credit facilities as at 31 December 2021 amount to JD 862 million and the related impairment provisions amounted to JD 63,8 million.	**How the key audit matter was addressed in the audit:** Our audit procedures included the following: We gained an understanding of the Bank's key credit processes comprising granting, booking, monitoring and provisioning and tested the operating effectiveness of key controls over granting and booking processes. We read the Bank's impairment provisioning policy and compared it with the requirements of IFRS 9 as well as relevant regulatory guidelines and pronouncements.

Credit facilities form a major portion of the Bank's assets, there is a risk that inappropriate impairment provisions are booked, whether from the use of inaccurate underlying data, or the use of unreasonable assumptions. Due to the significance of the judgments used in classifying credit facilities into various stages stipulated in IFRS 9 as adopted by the Central Bank of Jordan and determining related provision requirements, this audit area is considered a key audit risk.	**Stage 1 and Stage 2 provisions:** For provision against exposures classified as Stage 1 and Stage 2, we obtained an understanding of the Bank's provisioning methodology, the underlying assumptions and the sufficiency of the data used by management. We examined a sample of exposures, assessed on an individual basis and performed procedures to evaluate the following: • We obtained an understanding of the Bank's internal rating model for credit facilities. • For exposures moved between stages we have checked the appropriateness of the Bank's determination of significant increase in credit risk and the resultant basis for classification of exposures into various stages. We also checked the timely identification of exposures with a significant deterioration in credit quality. • For a sample of exposures, we checked the appropriateness of the Bank's staging. • For forward looking assumptions used by the Bank in its Expected Credit Loss ("ECL") calculations, we held discussions with management and corroborated the assumptions using publicly available information. • For a sample of exposures, we checked the appropriateness of determining Exposure at Default, including the consideration of repayments in the cash flows and the resultant arithmetical calculations.

	• We checked the appropriateness of the assumptions related to the Loss Given Defaults used by the Bank's management in the ECL calculations. • We assessed the financial statements disclosures to ensure compliance with IFRS 9 as adopted by the Central Bank of Jordan. The accounting policies, critical accounting estimates and judgments, disclosures of credit facilities and credit risk management are disclosed in notes 2, 3 and 6 to the financial statements. **Stage 3 (Specific) provisions:** • For exposures determined to be individually impaired, we obtained an understanding of the latest developments in the counterparty's situation, examined management's estimate of future cash flows, and checked the resultant provision calculations. For a sample of exposures selected, we performed the provision calculation by considering alternative scenarios.

Other information included in the Bank's 2021 annual report

Other information consists of the information included in the Bank's Annual Report other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Bank's Annual Report is expected to be made available to us after the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

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

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

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

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Amman – Jordan
27 February 2022

ERNST & YOUNG
Amman - Jordan

JORDAN COMMERCIAL BANK
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Notes	31 December 2021	31 December 2020
		JD	JD
ASSETS			
Cash and balances with central banks	4	90,710,577	96,851,544
Balances at banks and financial institutions	5	54,106,136	79,318,273
Direct credit facilities, net	6	773,903,799	713,901,025
Financial assets at fair value through statement of income	7	1,778,210	1,645,923
Financial assets at fair value through other comprehensive income	8	31,942,672	29,053,113
Financial assets at amortized cost, net	9	362,409,154	282,206,186
Property and equipment, net	10	21,857,844	21,872,682
Intangible assets, net	11	2,266,649	2,093,653
Right-of-use assets	12	5,429,733	5,119,281
Deferred tax assets	18-d	10,322,457	11,215,869
Other assets	13	90,190,277	108,744,016
Total Assets		1,444,917,508	1,352,021,565
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Banks' and financial institutions' deposits	14	111,313,020	102,670,901
Customers' deposits	15	969,388,894	935,686,966
Cash margin	16	40,829,127	41,822,602
Borrowed funds	17	140,483,737	103,564,728
Provision for income tax	18-a	3,126,294	174,758
Sundry provisions	19	883,049	822,511
Deferred tax liabilities	18-d	124,612	-
Lease liabilities	12	5,361,113	4,830,299
Other liabilities	20	26,235,937	22,982,013
Total Liabilities		1,297,745,783	1,212,554,778
SHAREHOLDERS' EQUITY			
Authorized and paid in capital	21	120,000,000	120,000,000
Statutory reserve	22	17,208,213	15,953,618
Fair value reserve, net	23	(973,100)	(2,020,984)
Retained earnings	24	10,936,612	5,534,153
Total Shareholders' Equity		147,171,725	139,466,787
Total Liabilities and Shareholders' Equity		1,444,917,508	1,352,021,565

Chairman of Board of Directors

General Manager

The accompanying notes from 1 to 48 form part of these financial statements and should be read with them

JORDAN COMMERCIAL BANK
STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021	2020
		JD	JD
Continued operations			
Interest income	25	70,404,046	70,598,278
Less: interest expense	26	(34,609,449)	(37,073,917)
Net interest income		35,794,597	33,524,361
Net commission income	27	4,229,931	4,286,809
Net interest and commission		40,024,528	37,811,170
Foreign exchange income	28	514,405	947,731
Gain (loss) from financial assets at fair value through statement of income	29	281,037	(230,459)
Dividends from financial assets at fair value through other comprehensive income	8	196,417	211,409
Other income	30	3,394,967	3,990,299
Gross income		44,411,354	42,730,150
Employees' expenses	31	13,752,948	12,802,688
Depreciation and amortization	10, 11 ,12	3,621,035	3,621,716
Provision for expected credit losses, net	32	4,597,892	8,047,731
Other provisions	19	233,203	630,450
Provisions for assets seized by the Bank against due debts	13	(16,222)	1,568,055
Other expenses	33	9,676,545	9,326,503
Total expenses		31,865,401	35,997,143
Profit for the year before income tax		12,545,953	6,733,007
Income tax for the year	18-b	(5,541,178)	(2,028,828)
Profit from continued operations		7,004,775	4,704,179
Loss from discontinued operations	46	-	(4,190,676)
Profit for the year		7,004,775	513,503
Earnings per share for the year attributable to the Bank's shareholders		JD/Fils	JD/Fils
Basic and diluted	34	0/058	0.004
Earnings per share for the year attributable to the Bank's shareholders - continued operations		JD/Fils	JD/Fils
Basic and diluted	34	0/058	0.039
(Loss) per share for the year attributable to the Bank's shareholders - discontinued operations		JD/Fils	JD/Fils
Basic and diluted	34	-	(0.035)

Chairman of Board of Directors

General Manager

The accompanying notes from 1 to 48 form part of these financial statements and should be read with them

JORDAN COMMERCIAL BANK
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	JD	JD
Profit from continued operations	7,004,775	513,503
Other comprehensive income items:		
Items that are not transferable subsequently to statement of income		
Net change in fair value reserve of financial assets through other comprehensive income	700,163	(245,490)
Total comprehensive income for the year	**7,704,938**	**268,013**

The accompanying notes from 1 to 48 form part of these financial statements and should be read with them

JORDAN COMMERCIAL BANK
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Authorized and paid in capital	Reserves: Statutory	Reserves: Cyclicality	Reserves: General Banking Risks *	Reserves: Fair Value Reserve, net	Retained earnings	Total Shareholders' Equity
	JD	JD	JD	JD	JD	JD	JD
For the year ended 31 December 2021							
Balance at the beginning of the year	120,000,000	15,953,618	-	-	(2,020,984)	5,534,153	139,466,787
Profit for the year	-	-	-	-	-	7,004,775	7,004,775
Fair value reserve released from sale of financial assets at fair value	-	-	-	-	347,721	(347,721)	-
Net fair value reserve	-	-	-	-	700,163	-	700,163
Total comprehensive income for the year	-	-	-	-	1,047,884	6,657,054	7,704,938
Transferred to reserves	-	1,254,595	-	-	-	(1,254,595)	-
Balance as of 31 December 2021	120,000,000	17,208,213	-	-	(973,100)	10,936,612	147,171,725
For the year ended 31 December 2020							
Balance at the beginning of the year	120,000,000	15,460,318	3,538,675	548,693	(2,211,406)	1,862,494	139,198,774
Profit for the year	-	-	-	-	-	513,503	513,503
value reserve released from sale of financial assets at fair value Fair	-	-	-	-	(258,850)	258,850	-
Net fair value reserve	-	-	-	-	(245,490)	-	(245,490)
Total comprehensive income for the year	-	-	-	-	(504,340)	772,353	268,013
Transferred to reserves	-	493,300	-	-	-	(493,300)	-
Transferred from reserves as a result of selling Palestine branches	-	-	(3,538,675)	(548,693)	694,762	3,392,606	-
Balance as of 31 December 2020	120,000,000	15,953,618	-	-	(2,020,984)	5,534,153	139,466,787

- The retained earnings balance includes JD 10,322,457 restricted against deferred tax assets as of 31 December 2021 according to the Central Bank of Jordan's instructions.

- Use of retained earnings for an amount equal JD 973,100 to the negative cumulative change in the fair value of financial assets and before any tax effect of as of 31 December 2021 is restricted (including JD 311,112 against the implementation of International Financial Reporting Standard No (9)) according to the instructions of the Jordan Securities Commission an Central Bank of Jordan.

The accompanying notes from 1 to 48 form part of these financial statements and should be read with them

JORDAN COMMERCIAL BANK
STATEMENT OF CASHFLOW
31 DECEMBER 2021

	Notes	2021	2020
		JD	JD
Cash Flows from Operating Activities:			
Profit for the year before income tax –		12,545,953	6,733,007
Loss from discontinued operations		-	(4,190,676)
Adjustments for:			
Depreciation and amortization	10,11	2,671,545	2,602,541
Provision for expected credit losses	32	4,597,892	8,047,731
Provision for lawsuits against the Bank	19	233,203	15,450
Other Provisions	19	-	615,000
(Gain) Loss from valuation of financial assets at fair value through statement of income	29	(327,928)	230,459
(Recoveries from) Impairment on assets seized by the Bank against due debts	13	(16,222)	1,568,055
Profit from Sale of fixed assets	30	(1,280)	(103,698)
Amortization of right-of-use assets	12	949,490	1,019,175
Finance costs on lease obligations	12	401,541	359,249
Dividends from financial assets at fair value through other comprehensive income		(196,417)	(211,409)
Dividends from financial assets at fair value through statement of income		(6,750)	-
Effect of exchange rate fluctuations on cash and cash equivalents		(489,747)	(397,236)
Profit for the year before changes in assets and liabilities		**20,361,280**	**16,287,648**
Changes in Assets and Liabilities -			
(Increase) in direct credit facilities		(65,186,841)	(55,675,618)
Decrease in financial assets at fair value through statement of income		195,641	-
Balances at banks and financial institutions for more than a year		-	(30,000,000)
Decrease in other assets		18,556,157	24,205,205
(Increase) decrease in banks and financial institutions deposits for more than three months		(3,000,000)	15,000,000
Increase in customers' deposits		33,701,928	98,988,573
(Decrease) in cash margins		(993,475)	(14,749,613)
Increase (decrease) in other liabilities		3,319,091	(12,932,329)
Net change in Assets and Liabilities		**(13,407,499)**	**24,836,218**
Net cash flows from operating activities before income tax and finance costs paid for lease obligations and paid provisions		**6,953,781**	**41,123,866**
Lawsuit's provision paid	19	(172,665)	(176,866)
Other provisions paid	19	-	(1,000,000)
End-of-service indemnity paid	19	-	(1,697)
Lease contracts paid	12	(1,130,669)	(1,063,737)
Income tax paid	18	(2,213,867)	(635,499)
Net cash flows from operating activities		3,436,580	38,246,067
Cash flows from investing activities:			
(Increase) in financial assets at amortized cost		(80,208,524)	(5,598,543)
(Increase) in financial assets at fair value through other comprehensive income		(1,547,147)	(114,301)
Dividends from financial assets at fair value through other comprehensive income		196,417	211,409
Dividends from financial assets at fair value through statement of income		6,750	-
Purchase of property and equipment and advances on purchase of property and equipment	10	(2,125,536)	(1,700,273)
Intangible assets	11	(705,764)	(662,735)
Proceeds from sale of property and equipment		2,877	183,544
Net cash flows used in investing activities		**(84,380,927)**	**(7,680,899)**
Cash flows from financing activity:			
Increase in borrowed funds		36,919,009	7,481,146
Net cash flows from financing activity		**36,919,009**	**7,481,146**
Effect of exchange rate fluctuations on cash and cash equivalents		489,747	397,236
Net (decrease) increase in cash and cash equivalents		(43,535,591)	38,443,550
Cash and cash equivalents at the beginning of the year from continued operations		119,042,149	80,598,599
Cash and cash equivalents at the end of the year	35	**75,506,558**	**119,042,149**

The accompanying notes from 1 to 48 form part of these financial statements and should be read with them

(1) General

Jordan Commercial Bank was established as a Jordanian Public Limited Shareholding Company on May 3 1977 under No. (113) in accordance with the Jordanian Companies Law No. (12) for the year 1964 with a paid-up capital of JD 5 million divided into 5 million shares at a par value of one Jordanian Dinar per share. The Bank's Head Office address is Amman, Tel. +962 (6) 5203000, P.O. Box 9989, Amman 11191 - The Hashemite Kingdom of Jordan.

During 1993, Mashrek Bank (Jordan branches) was merged with Jordan and Gulf Bank. Consequently, Jordan and Gulf Bank replaced Mashrek Bank (Jordan branches) in terms of its rights and liabilities.

At the beginning of 2004, the Bank was restructured after completing the necessary procedures prescribed by the regulatory authorities, and on 28 June 2004, the procedures relating to changing the Bank's name from Gulf Bank to Jordan Commercial Bank were completed.

The Bank’s capital was increased gradually, and the last increase was during 2017. In its extraordinary meeting held on 30 April 2017, the Bank’s General Assembly resolved to approve the increase in the Bank’s capital by 7.125 million JD/share, so that authorized and paid-up capital would become 120 million JD/share through capitalizing part of the retained earnings and distributing the amount to shareholders as stock dividends. The procedures for the capital increase were completed on 7 June 2017.

Jordan Commercial Bank is a Public Limited Shareholding Company listed on Amman Stock Exchange.

The Bank is engaged in banking and related financial operations through its branches totalling (34) inside Jordan.

The financial statements have been approved by the Bank’s Board of Directors in its meeting held on - 13 February 2022 and are subject to the approval of the General Assembly of Shareholders.

(2) Basis of Preparation of the Financial Statements

The accompanying financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and their related interpretations issued by IASB committee as well as the Central Bank of Jordan regulations.

The main differences between the International Financial Reporting Standards that should be applied and what was approved by the Central Bank of Jordan is the following:

A. An allowance for expected credit losses is recorded in accordance with IFRS (9) and in accordance with the Central Bank of Jordan instructions, whichever is more conservative. The material differences are as follows:

- Debt instruments issued by the Government of Jordan or guaranteed by it are excluded, in addition to any other credit exposures with the Government of Jordan or guaranteed by it so that any credit exposures with the Government of Jordan or guaranteed by it are addressed without any credit losses.
- When calculating the credit losses against credit exposures, the results of the calculation that are in accordance with the International Financial Reporting Standard No. (9) are compared with the instructions of the Central Bank of Jordan (No. 47/2009) dated 10 December 2009 for each stage, and whichever is more conservative is recorded.

B. Interest, fees and commission income are suspended on non-performing credit facilities granted to customers in accordance with the instructions of the Central Bank of Jordan.

C. Assets seized by the Bank against due debts are shown in the statement of financial position among other assets at the value as at the date it had been passed on to the Bank or its fair value, whichever is less. The assets are revalued individually at the date of the financial statements and any impairment is recorded in the statement of income. Gains are not recorded as income as these gains are recorded later in the statement of comprehensive income without exceeding the impairment value. As announced at the beginning of 2015, a provision is recorded for assets seized against debts that have been seized for more than 4 years in accordance with instructions by the Central Bank of Jordan (No. 15/14076) dated 27 March 2014 and (No. 10/1/2510) dated 14 February 2017. The Central Bank of Jordan issued a circular (No. 10/1/13967) dated 25 October 2018; approving an extension of circular (No.10/16607) dated 17 December 2017 that confirmed the extension of an allowance to be recorded until the end of 2020. Furthermore, according to Central Bank’s circular (No. 10/1/16239) dated 21 November 2019, a provision for seized assets will commence in 2022 at a rate of 5% of the total book value of these assets until a provision of 50% of these assets’ value is reached by the end of 2030.

D. The Central Bank has agreed in its letter dated 20 February 2020 to recant a 5-year provision for a specific customer under the condition of classifying the related credit facility as non-performing and suspending its interest and commission in accordance with the instructions of the Central Bank of Jordan.

- The financial statements are prepared on the historical cost basis except for financial assets at fair value through the statement of income and financial assets at fair value through other comprehensive income and financial derivatives, which have been measured at fair value at the date of the financial statements. Moreover, financial assets and liabilities that have been hedged for changes in fair value are stated at fair value.

- The financial statements are presented in Jordanian Dinar (JD) being the functional currency of the Bank.

(2-1) Changes in Accounting Policies

The accounting policies adopted in the preparation of the financial statements are consistent with those used in the preparation of the financial statements for the year ended 31 December 2020, except for the adoption of the following new standards effective 1 January 2021:

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- To require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest,
- To permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued,
- To provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the financial statements of the Bank. The Bank will determine new reference prices and interest margins based on the Bank's expertise to avoid any substantial impact on the Bank and it's customers.

Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease Modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.

The amendment applies to annual reporting periods beginning on or after 1 April 2021.

However, the Bank has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application.

(2-2) Significant Accounting Policies

Segment Information

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

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

Recognition of Interest Income

The Effective Interest Rate Method
According to IFRS (9), interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortized cost or designated at FVTPL. Interest income on interest bearing financial assets is measured at FVOCI under IFRS 9. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortized cost of the asset) is calculated by considering any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Bank recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognizes the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the statement of financial position with an increase or reduction in interest income. The adjustment is subsequently amortized through interest and similar income in the statement of comprehensive income.

Interest and Similar Incomes and Expenses

For all financial instruments measured at amortized cost, financial instruments designated at FVOCI and FVTPL, interest income or expense is recorded using the EIR.

The calculation considers all the contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

When the recorded value of a financial asset or a Bank of similar financial assets has been reduced by an impairment loss, interest income continues to be recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Expenses are recognized in the accrual basis.

Fees and commission income

Fees income can be divided into the following two categories:

1. Fees income earned from services that are provided over a certain period.

Fees earned for the provision of services over a period are accrued over that period. Such fees include “commission income and private wealth and asset management” fees, “custody and other management” fees.

2. Fee income forming an integral part of the corresponding financial instrument.

Fees that the Bank considers to be an integral part of the corresponding financial instruments include loan origination fees, loan commitment fees for loans that are likely to be drawn down and other credit related fees.

Financial Instruments – Initial Recognition

Date of recognition

Financial assets and liabilities, except for loans and advances to customers and balances due to customers, are initially recognized on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. This includes regular trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace. Loans and advances to customers are recognized when funds are transferred to the customers’ accounts. The Bank recognizes balances due to customers when funds are transferred to the Bank. Commissions are recorded as revenues when service is provided and recognized in share profits when they are realized.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Bank accounts for the Day 1 profit or loss, as described below.

Day one of profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Bank recognizes the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognized in the statement of income when the inputs become observable, or when the instrument is derecognized.

Measurement categories of financial assets and liabilities

The Bank classifies its financial assets (Debt Instruments) based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortized cost
- At Fair value through other comprehensive income
- At Fair value through statement of income

The Bank classifies and measures its derivative and trading portfolio at FVTPL. The Bank may designate financial instruments at FVTPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortized cost or at FVTPL when they are held for trading and derivative instruments or the fair value designation is applied.

Financial assets and liabilities

The Bank only measures due from banks, loans and advances to customers and other financial investments at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows,
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

Business model assessment

The Bank determines its business model at the level that best reflects how it manages its financial assets to achieve its business objective.

The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- 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 the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Bank's assessment

If cash flows after initial recognition are realized in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The Solley Payment for Principal and Interest (SPPI) test

As a subsequent step of its classification process the Bank assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Derivatives recorded at fair value through statement of income

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

The Bank enters into derivative transactions with various counterparties. These include interest rate swaps, futures and cross-currency swaps. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in net trading income unless hedge accounting is applied.

Debt instruments at FVOCI

The Bank applies this category under IFRS 9 of debt instruments measured at FVOCI when the following conditions are met:

- The instrument is held within a business model. The objective of which is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in OCI. Interest income and foreign exchange gains and losses are recognized in profit or loss in the same manner as for financial assets measured at amortized cost.

Where the Bank holds more than one investment in the same security, they are deemed to be disposed of on a first–in first–out basis. On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to the income statement.

Equity instruments at FVOCI

Upon initial recognition, the Bank occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to the income statement. Dividends are recognized in income statement as other operating income when the right of the payment has been established, except when the Bank benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

Financial assets and financial liabilities at fair value through statement of income

Financial assets and financial liabilities at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss except for movements in fair value of liabilities designated at FVTPL due to changes in the Bank's own credit risk. Such changes in fair value are recorded in the Own credit reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVTPL is accrued in interest income or interest expense, respectively, using the EIR, considering any discount/ premium and qualifying transaction costs being an integral part of instrument. Interest earnt on assets mandatorily required to be measured at FVTPL is recorded using contractual interest rate. Dividend income from equity instruments measured at FVTPL is recorded in profit or loss as other operating income when the right to the payment has been established.

Financial guarantees, letters of credit and unutilized facilities ceilings

The Bank issues financial guarantees, letters of credit and loan commitments.

Financial guarantees are initially recognized in the financial statements (within other liabilities) at fair value, being the premium received. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognized less cumulative amortization recognized in the statement of income as expected credit loss.

The premium received is recognized in the statement of income net of fees and commission income on a straight-line basis over the life of the guarantee.

The nominal contractual value of financial guarantees, letters of credit and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded on in the statement of financial position.

The Bank occasionally issues loan commitments at below market interest rates drawdown. Such commitments are subsequently measured at the higher of the amount of the ECL and the amount initially recognized less, when appropriate, the cumulative amount of income recognized.

Derecognition of financial assets and liabilities

Derecognition due to substantial modification of terms and conditions

The Bank derecognizes a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognized as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognized loans are classified as Stage 1 for ECL measurement purposes.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Bank records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

Derecognition other than for substantial modification

A. Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Bank of similar financial assets) is derecognized when the rights to receive cash flows from the financial asset have expired. The Bank also derecognizes the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Bank has transferred the financial asset if, and only if, either:

- The Bank has transferred its contractual rights to receive cash flows from the financial asset, or

- it retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass–through’ arrangement

Pass-through arrangements are transactions whereby the Bank retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Bank has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.
- The Bank cannot sell or pledge the original asset other than as security to the eventual recipients.
- The Bank has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Bank is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Bank has transferred substantially all the risks and rewards of the asset, or
- the Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Bank considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and can exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Bank has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognized only to the extent of the Bank's continuing involvement, in which case, the Bank also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Bank could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Bank would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

B. Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in statement of income.

Impairment of financial assets

Overview of the ECL principles

The Bank has been recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts, in this section all referred to as “financial instruments”.

Equity instruments are not subject to impairment under IFRS 9.

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

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

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

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

Based on the above process, the Bank classifies its financial assets into the categories Stage 1, Stage 2 and Stage 3, as described below:

- Stage 1: When financial assets are first recognized, the Bank recognizes an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2.
- Stage 2: When a financial asset has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved, and the loan has been reclassified from Stage 3.
- Stage 3: Financial assets considered credit impaired. The Bank records an allowance for the LTECLs. For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

Credit cards and other revolving facilities

The Bank's product offering includes a variety of corporate and retail overdraft and credit cards facilities, in which the Bank has the right to cancel and/or reduce the facilities with one day's notice. The Bank does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Bank's expectations of the customer behavior, its likelihood of default and the Bank's future risk mitigation procedures, which could include reducing or cancelling the facilities.

The ongoing assessment of whether a significant increase in credit risk has occurred for revolving facilities is similar to other lending products. This is based on shifts in the customer's internal credit grade.

The interest rate used to discount the ECLs for credit cards is based on the effective interest rate.

The calculation of ECLs, including the estimation of the expected period of exposure and discount rate is made, on an individual basis for corporate and on a collective basis for retail products. The collective assessments are made separately for portfolios of facilities with similar credit risk characteristics.

Forward looking information

In its ECL models, the Bank relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Unemployment rates
- Central Bank base rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the consolidated financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Collateral valuation

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed periodically. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, or based on housing price indices.

Collateral repossessed

The Bank's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in, line with the Bank's policy.

In its normal course of business, the Bank does not physically repossess properties or other assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the balance sheet.

Write-offs

Financial assets are written off either partially or in their entirety only when the Bank has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

Modified loans

The Bank sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, (rather than taking possession or to otherwise enforce collection of collateral.) The Bank considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Bank would not have agreed to them if the borrower had been financially healthy. (Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department). Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. (Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms). It is the Bank's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

Rent Contracts:

The bank evaluates the contracts when they are effective, to determine whether the contract is a lease or contains a rent. That is, if the contract transfers the right to control the use of the definite asset for a period of time in exchange for payments.

The Bank applies a unified approach to recognize and measure all leases, except short-term leases and low-value asset leases. The Bank recognizes lease obligations for rental payments and right-of-use assets representing the right to use leased assets.

Right-of-use assets

The Bank recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease obligations recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Bank is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Bank recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating a lease, if the lease term reflects the Bank exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

Property and Equipment

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

	%
Buildings	2
Machines and Office Equipment	10-15
Decorations	10-15
Vehicles	15
Computers	20

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

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

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

Impairment of non-financial assets

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

Intangible Assets

Intangible assets acquired through mergers are stated at fair value at the date of acquisition, while intangible assets (not acquired through mergers) are recorded at cost.

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

Intangible assets resulting from the Bank's operations are not capitalized. They are rather recorded in the statement of income in the same period.

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

Intangible assets with definite useful economic lives at cost net of accumulated amortization. Intangible assets are amortized over their useful lives using the straight-line method using a 20% rate.

Non-current assets held for sale

Non-current assets are classified as held for sale if the recovery of the amounts will be through sale not through continued operations. The asset must be ready for sale in its current conditions provided that the asset is normal and is similar for sale of those assets. It also must be highly possible to sell these assets. In addition, there should be a commitment to the sale plan by the management, so that the sale is eligible to be recognized as a completed sale within one year of the date of this classification.

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

Non-current assets classified as held for sale are recorded at book value or fair value net of any sale costs, whichever is less. The results of a subsidiary are recorded in a separate line item on the statement of income as profit (loss) from discontinued operations.

Provisions

Provisions are recognized when the bank has an obligation as of the date of the financial statements as a result of past events, the obligation is likely to be settled, and a reliable estimate can be made of the amount of the obligation.

Provision for employees' end-of-service indemnities

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

Income Taxes

Income tax expenses represent current and deferred taxes.

Income tax expense is measured based on taxable income. Taxable income differs from income reported in the financial statements, as the latter includes non-taxable revenue, tax expenses not deductible in the current year but deductible in subsequent years, accumulated losses approved by tax authorities and items not accepted for tax purposes or subject to tax.

Taxes are calculated based on the enacted tax rates according to the prevailing laws, regulations and instructions of countries where the Bank operates.

Taxes expected to be incurred or recovered as a result of temporary timing differences between the value of the assets and liabilities in the financial statements and their respective tax bases. Deferred taxes are calculated based on the liability method, and according to the rates expected to be enacted when it is anticipated that the liability will be settled or when tax assets are recognized.

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

Capital Cost of Issuing or Buying the Bank's Shares

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

Assets Under Management on Behalf of Customers

These represent the accounts managed by the bank on behalf of its customers, but do not represent part of the Bank's assets. The fees and commissions on managing these accounts are taken to the statement of income. Moreover, a provision is taken for the decline in the value of capital-guaranteed portfolios managed on behalf of its customers.

Offsetting

Financial assets and financial liabilities are offset, and the net amount is presented in the statement of financial position only when there is a legal right to offset the recognized amounts, and the bank intends to either settle them on a net basis or to realize the assets and settle the liabilities simultaneously.

Seized Assets by the Bank Against Due Debts

Such assets are those that have been the subject of foreclosure by the Bank and are initially recognized among "other assets" at the foreclosure value or fair value whichever is least. At the date of the financial statements, seized assets are revalued individually (fair value less selling cost); any decline in fair value is recognized in the statement of income. Any subsequent increase in value is recognized only to the extent that it does not exceed the previously recognized impairment losses.

Repurchase and Resale Agreements

Assets sold with a simultaneous commitment to repurchase them at a future date continue to be recognized in the financial statements as a result of the Bank's continuous control over these assets and as the related risk and benefits are transferred to the Bank upon occurrence. They also continue to be measured in accordance with the adopted accounting policies. Amounts received against these contracts are recorded within liabilities under borrowed funds. The difference between the sale price and the repurchase price is recognized as an interest expense amortized over the contract period using the effective interest rate method.

Purchased assets with corresponding commitment to sell at a specific future date are not recognized in the financial statements because the bank has no control over such assets and the related risks and benefits are not transferred to the Bank upon occurrence. Payments related to these contracts are recoded under deposits with banks and other financial institutions or loans and advances in accordance with the nature of each case. The difference between the purchase price and resale price is recoded as interest revenue amortized over the life of the contract using the effective interest rate method.

The calculation of ECLs

The Bank calculates expected credit losses based on the weighted average of three scenarios to measure the expected cash deficit, after discounting an approximate rate of effective interest rates. The cash deficit is the difference between the bank's cash flows in accordance with the contract and the expected cash flows.

PD	The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period.

EAD The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

LGD The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Bank considers three scenarios (best scenario, base scenario and worse scenario). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will be remediated and the value of collateral or the amount that might be received for selling the asset.

With the exception of credit cards and other revolving facilities, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanism of the ECL method are summarized below:

Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the four scenarios, as explained above.

Stage 2: When a financial asset has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument.
The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For financial assets which are considered credit-impaired, the Bank recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100% and with higher LGD than the first two stages.

Loan commitments and letter of credit: When estimating LTECLs for undrawn loan commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the four scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

Financial guarantee contracts: The Bank's liability under each guarantee is measured at the higher of the amount initially recognized less cumulative amortization recognized in the consolidated statement of income, and the ECL provision. For this purpose, the Bank estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure.

Foreign Currencies

Transactions in foreign currencies during the year are recorded at the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the date of the financial statements using the exchange rate prevailing at the date of the financial statement announced by the Central Bank of Jordan.

Non-monetary items measured at historical cost are translated according to the exchange at fair value rate prevailing at the transaction date, using the exchange rate prevailing at the date of evaluation.

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

Differences resulting from the translation of non-monetary assets and liabilities at fair value denominated in foreign currency, such as equity shares, are recorded as part of the change in the fair value using the exchange rates prevailing at the date of evaluation.

The assets and liabilities in foreign operations are translated into the reporting currency in accordance with the average currency prices at the reporting date and issued prices by the central bank. Income and expense items are translated on an average price rate basis and the exchange differences arising on translation for are recognised in OCI. In case of selling any of these companies or branches, the amount of differences is included in the income statement

Profits and losses resulting from foreign currency exchange differences for debt instruments (interest - bearing) are recorded in financial assets at fair value through comprehensive income in the income statement. Foreign currency exchange differences for equity instruments are recorded in the fair value reserve in the shareholders' equity in the statement of financial position.

Fair Value

The Bank measures financial instruments is at fair value at each financial statement date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either, in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Bank determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Bank has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Impairment is calculated through the difference between the book value of financial assets at amortized cost and the present value of expected future cash flows discounted using the original effective interest rate.

The book value of financial assets is reduced by the amortized cost by the impairment loss through the impairment reserve account. The change is recognized in the income statement.

Cash and Cash Equivalents

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

(3) Use of estimates

Preparation of the financial statements and application of the accounting policies require management to make judgments, estimates, and assumptions that affect the amounts of financial assets and financial liabilities and to disclose potential liabilities. Moreover, these estimates and judgments affect revenues, expenses, provisions, in general, expected credit losses, as well as changes in fair value that appear in the 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 financial statements are reasonable. The details are as follows:

Impairment of possessed property

Impairment in value of properties possessed is recognized based on recent real estate valuations by qualified independent evaluators for calculating the asset impairment, which is reviewed periodically.

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 statement of income for the year.

Income tax

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

Litigations provision

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

Provision for end-of-service indemnities

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

Assets and liabilities stated at cost

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

Provision of expected credit losses

Expected credit loss is measured as a 12-months expected credit loss for assets classified as stage 1, or as a lifetime expected credit loss for stage 2 or stage 3 classified assets.

Evaluation of business model

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

Significant increase in credit risk

The asset moves from stage one to the stage two or stage three in case there is a significant increase in credit risk since initial recognition based on CBJ instructions and IFRS (9). Credit risk is evaluated whether it increases significantly for any of the assets through current and future quantitative and qualitative information used by the Bank's management related to assessing whether the credit risk of any asset has increased significantly that result in a change in the classification within the three stages (1, 2 and 3), the expected credit loss is measured as a 12-months expected credit loss for stage 1 assets or lifetime credit losses over the life of the assets classified as stage 2 or 3 shown in detail in note (38).

Establish groups of assets with similar credit risk characteristics

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

Re-Division of Portfolios and Movements Between Portfolios

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

Models and Assumptions Used

The Bank uses various models and assumptions in measuring the fair value of financial assets as well as in assessing the expected credit loss described in note (38). 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 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. 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 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 adjust for a number of factors, such as bid differences, credit status, portfolio service costs, and uncertainty about the model.

Key Sources of Uncertainty Estimates

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

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

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

Probability of Default

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

Loss Given Default

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

Fair value measurement and valuation procedures

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

Risk management

In light of the importance of managing the various risks surrounding the Bank’s business activities that it is exposed to or may be exposed to in the future, the Bank has continued its work by following a risk management strategy in line with the directives of the Board of Directors, executive management, legislation and laws issued by the Central Bank of Jordan, where best practices have been applied and the latest means and methods used in risk management.

The risk management process includes identifying, measuring, evaluating and monitoring financial and non-financial risks that can negatively affect the overall performance of the Bank, the Risk Department is responsible for managing risks (credit, operational, market, liquidity and information security) within the framework of the Bank’s organizational structure and the risk department evaluates and controls risks and recommends mitigating them and submitting the necessary reports to executive management and Risk and Compliance Committee and independently of other Bank departments that perform other banking activities.

The Bank's risk management provides independent oversight and support that aims to establish and spread the concept of risk management as a whole on all levels of management and helps proactively in realizing potential losses and sets out the plan and procedures to take to confront these risks in the event of their occurrence.

The executive management is responsible for defining the main principles of risks and the level of risks that can be accepted, as well as an optimal distribution of them according to the various activities and segment of the bank where executive management exercises its role in ensuring that the Bank manages various risks and adopts policies and procedures governing risk management in the bank.

The Bank management also gives great importance to the requirements of Basel and best international practices for risk management, as it is considered as a framework to enhance the Bank's ability to improve the control environment and confront various types of risks.

Acceptable risks level (risk appetite)
The Bank's philosophy in determining the level of acceptable risks is the method by which the Bank has determined the levels of acceptable risks with, given that capital planning is the basis for determining the levels of acceptable risks.

The bottom-up approach methodology was used to determine acceptable levels of risk through the concerned departments within the Bank from the bottom of the organizational structure and then raise it to the top organizational structure for each of the risks (credit, concentrations, liquidity, interest rates, reputation, strategy, operation, market, governance Institutionalism, compliance, capital structure).

<u>The objectives of risk appetite</u>
The Bank aims to determine the acceptable levels of risk to the following:

1- Knowing the acceptable level of risk for each type of risk to which the Bank is exposed.
2- Protecting the Bank from risks that it might face and negatively affect its business.
3- Achieving strategic goals.
4- Ensuring that acceptable proportions of capital adequacy are maintained.
5- Control risks and work to reduce them.
6- Determining the capital needed to face all kinds of risks (economic capital).
7- Developing measures to monitor the acceptable level of risks in addition to the capital, asset quality, liquidity and fluctuation in profits.

Stress testing

In accordance with the instructions issued by the Central Bank related to stress testing, the Bank has prepared a methodology for applying these stress tests and adopting a policy and work procedures by the Risk Committee from the Board of Directors where stress tests are an integral and essential part of the institutional governance and risk management system of the Bank as it has an impact on decision-making at the appropriate administrative level, including strategic decisions of the Board of Directors and Executive Management. To ensure this, the Board of Directors and Executive Management must have a key role in these tests, including setting test goals, defining scenarios, evaluating results, and defining measures to take based on the results of these. The tests at various levels are considered:

- A key tool to understand the Bank's risk matrix and its ability to withstand shocks and the high risks it may face.

- It is considered an important part of the capital planning process through the internal evaluation process of the capital adequacy (ICAPP) and improving the Bank's management of its capital.

- It helps the bank in estimating the size of future capital that must be available in the coming years, in accordance with its strategy.
- An important part in the process of identifying, measuring, and controlling liquidity risk, in order to assess the Bank's liquidity and the adequacy of liquidity shock mitigators and improve the Bank's liquidity.

The mechanism by which stress situations are chosen

Scenarios of stressful situations are chosen to cover all the risks which the Bank is exposed to in accordance with the instructions issued by the Central Bank of Jordan, and a different set of scenarios are applied that range from the least influential to the most influential but are possible to occur are selected and identified by the Bank according to the different risks which it is exposed is such as (size, type, repetition and importance) in coordination with the various department where these tests aim to assess the Bank's financial position and adequacy, where necessary reports are prepared and applied to stress tests and present them to the Risk Committee from the Board of Directors, which in turn approves assumptions and scenarios used and discuss the results of the tests and approve the measures to be taken based on these results. The impact of stress testing on different financial assets is measured, whether at the level of the facilities or investment portfolio, as follows:

Measuring the impact of stress testing on the Bank's credit portfolio in terms of the increase of non-performing loans as a result of several factors, including the concentration in credit granting, the decline of economic sectors as a result of financial crises, the quality of the credit portfolio, the decrease in the value of guarantees provided and other factors. The impact of these scenarios is assessed for these risks on the income statement and the capital adequacy.

Measuring the impact of stress testing on the Bank's investments in terms of low liquidity of the markets invested in and a decrease in the value of investments due to financial and economic crises. The impact of scenarios for these risks is assessed on the income statement and the capital adequacy.

Measuring the impact of stress testing on the Bank's assets and liabilities in the event of changing the Dinar exchange rates against foreign currencies.

Measuring the impact of stress testing on the Bank's liquidity as a result of several factors, including the loss of our deposits with correspondent banks, the concentration of Bank customer deposits and bank deposits with us, extensive withdrawals of deposits, change of the Dinar exchange rates against foreign currencies and other factors. The impact of the scenarios of these risks is assessed based on statutory and liquidity ratios and based on a maturity scale.

Measuring the impact of stress testing on the operating risks of the Bank's operations. The impact of scenarios on these risks is assessed on the capital adequacy.

Governance of stress testing

- Stress tests are an integral and essential part of corporate governance with the Bank by enhancing the Bank's ability to identify and control its risks and its major role in providing both the Board and Executive Management with indicators on the amount of capital required to meet the resultant losses on shocks or changes that affect the Bank's financial position and solvency.

Board of Directors' responsibility:

- Ensuring that there is an effective framework for stress testing to assess the Bank's ability to withstand shocks and face high risks, as the Board has the ultimate responsibility for the stress testing program, and the adoption of work policies in this regard.

- Ensure that the Risk Department conducts stress tests on a regular basis, and that the Board has a key role in approving the assumptions and scenarios used, analyzing the results of the tests, and adopting the procedures to be taken based on these results.

Senior executive management responsibility:

- Implementing and monitoring the stress testing program, and in accordance with the methodology approved by the Board of Directors, which was originally based on the specific stress tests according to the instructions of the Central Bank of Jordan.

- Ensure that a qualified personal is available in the Risk Management Department to conduct stress tests and that the department has the appropriate tools and means for that.

- Ensuring that an appropriate number of possible scenarios related to the Bank's business are available, provided that these scenarios are understood and documented.

- Use the results of stress testing in setting and determining the degree of risk tolerance of the Bank and in the process of planning for capital and liquidity.

- Setting the appropriate remedial procedures based on the results of the tests carried out by the Executive Management and submitting them to the Risk and Compliance Committee and presenting them to the Board of Directors.

Responsibility of the Internal Audit department:
- The Internal Audit Department is responsible for reviewing and evaluating the framework of stress testing, at least annually, and for evaluating and reviewing results to be submitted to the Board of Directors.

Risk Department responsibility:
1- Designing a program of stress testing and using models and methodologies to test its impact on the Bank, so that it covers the following aspects and is not limited to them:

- Stress testing includes scenarios that range from least to most severe.
- Covering all complex financial products, if any.
- It considers potential changes in market conditions that may negatively affect the Bank's exposure to concentration risk.
- Including stress tests to some scenarios related to reputational risks, by reflecting the results of risks that affect the Bank's reputation, which may be reflected on the Bank's liquidity and liquid assets through customers withdrawing their deposits.

- The tests used are consistent with the degree of risk tolerance that the Bank has set for itself, so that the chosen scenarios are commensurate with the size, nature and complexity of the Bank's business and the risks associated with it.
- The stress testing program includes quantitative and qualitative methods to improve the comprehensiveness of these tests and make them supportive and complementary to the models and methods of risk management used in the Bank.
- It includes different types of tests, such as the simple sensitivity analysis based on changes in one risk factor and between scenarios based on statistical methods that take into account the relationships between the causes of systemic risks in times of crisis, knowing that the part related to these scenarios is determined by the Central Bank of Jordan on an annual basis.

2- Organizing an appropriate line of communication between the various parties concerned to take their views on the shocks and potential stressful situations if they occur with the aim of identifying assumptions and scenarios that are appropriate to the internal and external risks that the Bank may be exposed to so that all the parties involved with the Bank participate in this line of communication when determining these tests annually.

3- Submitting the results of the tests to the Basel Committee, an internal evaluation of the capital adequacy, and then to the Risk and Compliance Committee from the Bank's Board of Directors annually.

The Bank's application for defaulting and the defaulting mechanism

The Bank follows and applies the instructions of the Central Bank of Jordan (the regulatory body) related to the International Financial Reporting Standard No. (9) to classify credit facilities in three stages.

1. The Bank's application to default:

The instructions of the Central Bank of Jordan regarding the classification of defaulting loans and the suspension of interest are applied according to the requirements of IFRS (9). As for provisioning, instructions No. (47/2009) and (13/2018) related to the International Financial Reporting Standard (9) are adopted. The most conservative and severe results are taken, except in special cases and with prior approval by the Central Bank of Jordan.

2. The defaulting mechanism:

The Bank follows up with a client before their default with the aim of not reaching the point of classifying the facilities granted to them. In case the classification is made, a provision is recorded against this loan in accordance to the adopted standards, among the mechanisms used to treat default by the Bank as following:

1- Debt scheduling according to the scheduling principles as per the instructions of the Central Bank of Jordan.

2- Taking legal measures to collect what is owed to the Bank.

The internal credit rating system of the Bank and its mechanism:

The Bank has implemented a credit risk rating system based on Standard and Poor's (S&P) classification models to measure the credit risk of large companies, small and medium-sized companies which would positively reflect on the quality of the credit portfolio and help in making appropriate credit decisions as the following is extracting through the system:

Obligor Risk Rating (ORR) is divided into measuring the activity standards (qualitative) and the financial standards (quantitative) by:

Specific criteria:

1- Measuring the risks of the countries in which the client practices their activity

2- Measuring the risks of the economic sectors that represent the client's activities

3- Measuring the client's competitive position in detail

Quantity standards:

4- Measuring the client's financial risks by assessing cash flows, receivables, capital structure, and others.

Classification models include (modifier's) quality rates that enhance credit rating accuracy as follows:
1- The impact of the various activities of the client
2- The capital structure
3- Approved financing policy
4- Liquidity assessment
5- Management and governance

Clients are classified on the system to ten levels, where the classification grades are distributed from (1) high quality clients (few risks) to (10) high risk customers.

As a result of assessing the client's credit rating through the system, the probability of default (PD) is determined.

The approved mechanism for calculating expected credit losses on financial instruments:

1- The basic components of calculating the credit loss of financial instruments:
* Clients' staging
* Probability of default ratio stage 1 (12-month projected credit losses) and stage 2 (expected credit losses over the life of the financial instrument).
* Loss given default (LGD).
* Exposure at default (EAD).

2- Criteria for classifying client according to the stages:
The criteria for classifying the stages is one of the important parameters used to determine the expected credit losses according to the International Financial Reporting Standard No. (9), where financial instruments were classified into three stages in addition to a statement of the credit limitations for the transfer of the financial instrument / exposures between the stages according to the instructions issued by the Central Bank of Jordan No. (13/2018).

3- Probability of default – PD
Corporate portfolio
Based on the probability of default resulting from the analysis of all quantitative and qualitative data of the client through the credit rating system as this is done through the approved models of the company (S&P) and based on historical data, a future probability of default is calculated and linking it to the macroeconomic indicators.

Individual portfolio
Individual risk is measured at the level of each product separately (personal loans / housing loans / credit cards / car loans) through the evaluation of the product Roll Rate Approach, through customer behavior records and their commitment to pay on the historical agreed upon times to link them to all variables of macroeconomic factors to determine the future probability of default.

Debt portfolio and money market
The default probability of debt instruments classified under the amortized cost portfolio (AC) and other comprehensive income statement (OCI) is calculated on an individual basis based on the probability of default according to external classification.

Debt instruments issued by the Jordanian government, or guaranteed by it, and current accounts are excluded from calculating the expected credit losses.

4- Loss Given Default - LGD

The percentage of loss is measured on the assumption of default, based on the present value of the guarantees provided by the client based on historical ratios of financial recoveries and converting the guarantees into cash as a result of implementation of the guarantees due to default, taking into account the time dimension and credit dilution, which includes the part covered and not covered by the guarantees according to the requirements of the Central Bank of Jordan.

5- Exposure at Default – EAD

It is defined as the size of the indebtedness to which the Bank may be exposed to the possibility of non-payment if the customer defaults as follows:

- It is the current balance in relation to direct and indirect facilities.
- In the case of ceilings, the value of the amount exposed to default: it is the used balance in addition to a percentage of the unutilized ceiling (direct and indirect) based on a historical study of the extent of utilization of these ceilings.

Governance of implementing the requirements of IFRS 9:
The Bank is adherent to the instructions of institutional governance, including the instructions of the Central Bank of Jordan and the best international practices that were included in the Basel Committee in this regard in a manner that achieves the rule of implementation of the International Financial Reporting Standard. The following are the responsibilities of the Board of Directors, the Executive Management, the concerned committees and departments to ensure the appropriateness of applying the financial reporting standard:

Board Responsibilities:
- Approving the policies, assumptions and models used for the application of the standard.

- Approving the expected credit losses in the Bank's financial statements.

- Ensuring proper application of the standard by defining the roles of committees, departments and work units in the Bank and ensuring complementarity of work among them and providing the appropriate infrastructure.

- Overseeing, through the committees of the Board, the Executive Management to develop the necessary systems to provide adequate information in an accurate and safe matter so that it provides the accurate capability of the Bank to record through the participation of all relevant business units in the Bank and under the supervision of the Bank's Board of Directors and its related committees.

- Approving of amendments that could affect the business model, the Bank's strategy, measurement and evaluation methodologies for the credit process, pricing and guarantees mechanism for credit products or assets that fall within the standard.

- Ensuring that the Bank manages its credit risk within the appropriate best practices, including effective control systems within the credit process that includes a clear determination of the amount of provisions required for all of its risks.

- Ensuring that the supervisory units in the Bank, specifically risk management, manage the internal audit of all necessary processes to verify the validity and integrity of the methodologies and systems used within the framework of the application of IFRS (9) and work to provide the necessary support for these control units.

Executive Management Responsibilities:

- Providing the appropriate infrastructure and providing recommendations regarding required changes or improvements that help to implement the standard in an accurate and comprehensive manner that includes qualified personnel and an adequate database in terms of accuracy and comprehensiveness.

- Reviewing the policies, work procedures, regulations and any other relevant standards and explaining their suitability for implementing the standard.

- Distributing tasks and responsibilities and ensuring the participation of all relevant business units in the proper application of the standard.

- Monitoring the periodic reports related to the results of calculating and applying the standard and determine the impact of the application of the standard on the financial position of the Bank.

- Applying corrective measures approved by the Board of Directors.

- Reflecting the impact of the application of the standard on the Bank's strategy and pricing policy.

- It is responsible for any exceptions of the results of the system outputs, the specific procedures and the documented forms of the calculation process.

- Reviewing the staging rules process and make the necessary recommendations.

- View the calculation of expected credit losses and recommend their approval.

- Recommend any exception or amendment to the results of calculating the expected credit losses required and in accordance with clear and documented justifications.

Risks and Compliance Committee Responsibilities:

- Reviewing the framework and assumptions for calculating expected credit losses and recommend their approval.

- Supervising the efficiency and effectiveness of the process of calculating the expected credit losses.

Responsibilities of the Audit Committee:

- Ensuring that the methodologies and systems used in the application of IFRS (9) have been verified.

- Monitoring the compliance with the framework for calculating expected credit losses in accordance with IFRS (9) and ensuring that the internal audit fulfills its duty in this regard.

- Reviewing the financial statements after implementing the standard, in particular verifying the implementation of the instructions of the Central Bank of Jordan regarding the adequacy of provisions and expressing an opinion on the Bank's non-operating loans before submitting them to the Board of Directors.

- Reviewing the observations in the Central Bank’s reports and the external auditor's reports and following up on the measures taken in their regard.

- Reviewing the accounting issues that have a material impact on the Bank's financial statements and ensure the accuracy of the accounting and control procedures and its safety and adherence to them.

- Ensuring through the Internal Audit Department that all financial instruments/ credit exposures have been measured for expected credit losses.

Compliance Department Responsibilities:

Ensuring compliance with applicable laws and instructions related to preparing the financial statements and applying the required standard and disclosures.

Risk Department Responsibilities

- Calculating the expected credit losses.

- Reviewing the models and assumptions used for calculating the provision and recommending any required adjustments.

- Evaluating the credit rating systems, their parameters, and results.

- Preparing periodic, qualitative and detailed quantitative disclosures required by the Central Bank of Jordan for the purposes of complying with the requirements of the standard.

- Reviewing the transferring process between the different stages and comparing it with the policy of transferring requirements between stages and reviewing these limitations periodically.

Finance Department Responsibilities:

- Participating with departments in developing and building the business model, including the classification of the Bank's financial assets in accordance with the principles of IFRS (9).

- Make the necessary accounting adjustments and restrictions after approving the results and verifying that all financial instruments have been accounted for.

- Reviewing the necessary disclosures in cooperation with the relevant departments of the Bank in accordance with the requirements of the standard and the instructions of the Central Bank.

Determinants of significant change in credit risk:

All credit exposures / financial instruments are subject to the measurement of expected credit losses to specific determinants as an indicator to be considered a significant increase in credit risk, so that the financial instrument / credit exposure is transferred between the three phases:

Stage (1): Includes financial assets on initial recognition which have not been exposed to a significant increase in credit risk since the initial recognition or with low credit risks at the date of preparing the financial statements. For these assets, the expected credit losses for the 12-month period that result from potential irregularities within the next 12 months are recognized.

Stage (2): Includes financial assets that have experienced a significant increase in credit risk since the initial recognition but there is no objective evidence of a decrease in their value. For these assets, expected credit losses are recognized for the entire life of the debt, which is the expected credit losses that result from all potential irregularities over the expected life of the financial instrument.

Stage (3): Includes financial assets for which there is objective evidence of a decrease in value at the date of the financial statements in accordance with the indicators specified in the instructions of the Central Bank of Jordan. For these assets, expected credit losses for the entire life are recognized and treated with the calculated interest on them.

The following are the most prominent determinants used to measure the significant change in credit risk:

- There is a decrease or a decline in the actual internal credit rating of the borrower according to the internal evaluation system applied by the Bank compared to the degree of the internal rating of the borrower at the time of granting.
- The presence of unpaid dues on a client or borrower account exceeding a certain period.
- Knowing that the borrower faces difficulties affecting the cash flow
- Violating debt covenants or conditions in a manner that affects the obligation to repay.
- The market value of collaterals declines significantly.
- The possibility of a borrower entering bankruptcy procedures.

The main economic indicators that were used by the bank in calculating the expected credit losses

When measuring the probability of default for different segments, historical information and current conditions are taken into consideration in addition to expected future events in accordance with substantial information that can be relied upon by the Bank.

Economic factors and their expectations have been used in three scenarios for each of the ratios (GDP, unemployment, inflation, properties rates, interest rates and other indicators), by relying on data issued by the World Bank and International Money Fund and Central Bank of Jordan with regard to Jordan.

Extension and termination option in leases contracts

The extension and termination options are included in several leasing contracts, these options are used to increase the operational flexibility in terms of contracts management, most of the extension and termination option are exercisable by both the bank and the lessor.

In determining the lease term, management considers all facts and circumstance that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension option (or periods after termination option) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The evaluation is reviewed in case of occurrence of an important event or significant change in the circumstances that affect this evaluation and that are under the control of the lessee.

Discounting of lease payment

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

(4) Cash and Balances At Central Banks

	31 December 2021	31 December 2020
	JD	JD
Cash in vaults	24,833,610	23,982,196
Balances at central banks:		
Current and call accounts	33,473,239	16,299,864
Time and notice deposits and certificates of deposit	-	25,000,000
Mandatory cash reserve	32,403,728	31,569,484
Total balances at central banks	65,876,967	72,869,348
Total cash and balances at central banks	90,710,577	96,851,544

- Except for the cash reserve with the Central Bank of Jordan, there are no restricted balances as of 31 December 2021 and 2020.

- There are no balances matured in more than three months as of 31 December 2021 and 2020.

- There are no certificates of deposits as of 31 December 2021 and 31 December 2020.

The movement of balances with central banks is as follows:

	Stage 1 (Individual)	Stage 2 (Individual)	Stage 3	Total 31 December 2021	Total 31 December 2020
	JD	JD	JD	JD	JD
Total balance at the beginning of the year	72,869,348	-	-	72,869,348	53,825,702
New balances during the year	-	-	-	-	25,000,000
Settled balances	(25,000,000)	-	-	(25,000,000)	-
Changes resulting from adjustments	18,007,619	-	-	18,007,619	(5,956,354)
Total balance at the end of the year	65,876,967	-	-	65,876,967	72,869,348

There are no transfers between the stages (stage 1 stage 2, and stage 3) or any written off balances for the year ended 31 December 2021 and 2020.

(5) Balances At Banks and Financial Institutions

	Banks and Financial Institutions					
	Local		Foreign		Total	
Item	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	JD	JD	JD	JD	JD	JD
Current and call accounts	29,671	29,671	7,738,873	10,344,882	7,768,544	10,374,553
Deposits maturing within a period of 3 months or less	16,307,000	35,659,000	33,457	3,827,953	16,340,457	39,486,953
Deposits maturing more than one year	-	-	30,000,000	30,000,000	30,000,000	30,000,000
Total	16,336,671	35,688,671	37,772,330	44,172,835	54,109,001	79,861,506
Less: ECL charged for the year	(2,853)	(17,786)	(12)	(525,447)	(2,865)	(543,233)
	16,333,818	35,670,885	37,772,318	43,647,388	54,106,136	79,318,273

- Total balances at banks and financial institutions that are not interest bearing are JD 7,768,544 as of 31 December 2021 and (JD 9,831,321 as of 31 December 2020).

- Total Balance at Banks and financial institutions that are matured in more than three months are 30,000,000 as of 31 December 2021 (30,000,000 as of 31 December 2020).

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

The classification of gross balances with banks and financial institutions according to the Bank's internal credit rating is as follows:

	2021				2020
Item	Stage 1 (Individual)	Stage 2 (Individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
+6	54,109,001	-	-	54,109,001	79,861,506
Total	54,109,001	-	-	54,109,001	79,861,506

The movement of balances at banks and financial institutions is as follows:

				Total	
	Stage 1 (Individual)	Stage 2 (Individual)	Stage 3	31 December 2021	31 December 2020
	JD	JD	JD	JD	JD
Balance at the beginning of the year	79,861,506	-	-	79,861,506	36,721,211
New balances during the year	3,545,000	-	-	3,545,000	55,290,395
Settled balances	(25,024,000)	-	-	(25,024,000)	(23,437,358)
Changes resulting from adjustments	(4,273,505)	-	-	(4,273,505)	11,287,258
Balance at the end of the year	54,109,001	-	-	54,109,001	79,861,506

There were no transfers between the stages (stage 1 stage 2, and stage 3) or any written of balances for the year ended 31 December 2021.

The movement on the provision for expected credit losses for balances with banks and financial institutions is as follows:

				Total	
	Stage 1 (Individual)	Stage 2 (Individual)	Stage 3	31 December 2021	31 December 2020
	JD	JD	JD	JD	JD
Balance at the beginning of the year	543,233	-	-	543,233	78,672
ECL for new balances during the year	620	-	-	620	532,854
Recoveries from ECL related to repaid balances	(11,651)	-	-	(11,651)	(77,995)
Changes resulting from adjustments	(529,337)	-	-	(529,337)	9,702
Balance at the end of the year	2,865	-	-	2,865	543,233

(6) Direct Credit Facilities-Net

The details of this item are as follows:

	31 December 2021	31 December 2020
	JD	JD
Individuals (retail):		
Overdraft accounts	597,771	625,721
Loans and promissory notes *	205,792,443	194,412,145
Credit Cards	6,253,546	4,520,314
Real Estate Loans	120,038,373	118,674,013
Companies:		
A - Large:		
Overdraft accounts	94,984,676	62,750,734
Loans and promissory notes *	329,888,285	302,268,633
B- SMEs:		
Overdraft accounts	12,758,308	13,063,156
Loans and promissory notes *	47,521,484	47,171,682
Government and Public Sector	43,717,809	47,995,838
Total	861,552,695	791,482,236
(Less): Provision for expected credit losses	(63,793,141)	(58,732,454)
Interest in suspense	(23,855,755)	(18,848,757)
Net direct credit facilities	773,903,799	713,901,025

* Totals after deducting interest and commissions received in advance are JD 761,369 as of 31 December 2021 (1,539,428 JD of 31 December 2020).

- Non-Performing Credit Facilities amounted to JD 101,929,585 make up 11/83% of total direct credit facilities as of 31 December 2021 (JD 89,052,218 representing 11/25% of total direct credit facilities as of 31 December 2020).

- Non-Performing Credit Facilities Net of Interest and Commissions in Suspense amounting to JD 78,235,931 make up 9/34% of total direct credit facilities balance as of 31 December 2021 (JD 70,601,202 make up 9/1% of total credit facilities as of 31 December 2020).

- Direct Credit Facilities include facilities granted that are guaranteed by the Government of Jordan amounting to JD 26,250,000 as of 31 December 2021 (JD 30,000,000 as of 31 December 2020).

The movement on direct credit facilities collectively as of 31 December 2021 is as follows:

	2021				2020
	Stage 1 (individual)	Stage 2 (individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	630,850,815	71,579,203	89,052,218	791,482,236	731,054,500
New credit facilities during the year	82,002,059	1,451,300	1,405,620	84,858,979	96,240,337
Settled credit facilities	(26,423,959)	(2,290,261)	(3,053,360)	(31,767,580)	(51,913,553)
Transferred to stage 1	17,516,153	(13,962,574)	(3,553,579)	-	-
Transferred to stage 2	(75,417,001)	76,599,339	(1,182,338)	-	-
Transferred to stage 3	(7,786,754)	(14,054,900)	21,841,654	-	-
Changes resulting from adjustments	12,194,572	7,365,118	(1,891,023)	17,668,667	16,143,003
Written-off credit facilities	-	-	(689,607)	(689,607)	(42,051)
Balance at the end of the year	632,935,885	126,687,225	101,929,585	861,552,695	791,482,236

The movement on the provision for expected credit losses collectively and individually as of 31 December 2021 is as follows:

	2021				2020
	Stage (1) (individual)	Stage (2) (individual)	Stage (3) (individual)	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	3,015,407	4,567,838	51,149,209	58,732,454	47,974,854
New credit facilities during the year	400,962	75,043	407,394	883,399	649,146
Settled credit facilities	(126,985)	(286,195)	(908,564)	(1,321,744)	(742,050)
Transferred to stage 1	110,222	(93,062)	(17,160)	-	-
Transferred to stage 2	(409,318)	459,243	(49,925)	-	-
Transferred to stage 3	(159,688)	(2,913,816)	3,073,504	-	-
Effect on provision resulting from reclassification among the three stages	-	846,288	5,995,958	6,842,246	4,326,154
Changes resulting from adjustments	(280,279)	(120,580)	(818,975)	(1,219,834)	6,541,718
Written-off credit facilities	-	-	(123,380)	(123,380)	(17,368)
Balance at the end of the year	2,550,321	2,534,759	58,708,061	63,793,141	58,732,454

The movement on the provision for expected credit losses during the year ended 31 December 2021 and 2020 is as follows:

For the year ended 31 December 2021	Retail	Real Estate	Corporate	SME's	Governmental and Public	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	10,511,271	3,292,945	39,763,877	5,127,101	37,260	58,732,454
ECL for new facilities during the year	624,540	45,632	174,420	38,789	18	883,399
Recoveries from ECL related to settled facilities	(245,884)	(525,699)	(464,194)	(85,884)	(83)	(1,321,744)
Transferred to stage 1	(40,049)	(8,081)	(411,724)	1,070	-	(458,784)
Transferred to stage 2	(110,750)	(367,882)	(2,061,362)	(7,641)	-	(2,547,635)
Transferred to stage 3	150,799	375,963	2,473,086	6,571	-	3,006,419
Effect on provision resulting from reclassification among the three stages	1,509,313	172,634	5,072,578	87,721	-	6,842,246
Changes resulting from adjustments	271,641	329,409	(1,536,541)	(315,500)	31,157	(1,219,834)
Written-off credit facilities	(6,665)	(37,187)	(79,242)	(286)	-	(123,380)
Balance at the end of the year	12,664,216	3,277,734	42,930,898	4,851,941	68,352	63,793,141
Re-allocation:						
Provision on an individual basis	12,664,216	3,277,734	42,930,898	4,851,941	68,352	63,793,141
Total	12,664,216	3,277,734	42,930,898	4,851,941	68,352	63,793,141

* During 2021, an amount of JD 123,380 was written-off from non-performing direct credit facilities according to the Board of Directors' decision (JD 17,368 for the year 2020).

** During 2021 and 2020, none of the non-performing credit facilities of were transferred out from the statement of financial position.

*** Direct credit facilities JD 128,607,030, interest in suspense of JD 80,974,731 and their related provision of JD 47,632,299 as of 31 December 2021, were listed in regulatory accounts off the statement of financial position according to the Board of Directors' decision as these accounts are completely covered as of the date of the financial statements.

- The provisions for debts calculated on the basis of the individual customer are disclosed above.

- The amount of provisions that are no longer required due to the settlements or repayments of debts transferred against other debts is JD 9,391,579 as of 31 December 2021 (JD 9,965,256 as of 31 December 2020).

For the year ended 31 December 2020	Retail JD	Real Estate JD	Corporate JD	SME's JD	Governmental and Public JD	Total JD
Balance at the beginning of the year	10,763,744	1,777,426	31,252,880	4,086,186	94,618	47,974,854
ECL for new facilities during the year	484,255	22,623	23,362	118,820	86	649,146
Recoveries from ECL related to settled facilities	(275,026)	(67,794)	(227,276)	(171,952)	(2)	(742,050)
Transferred to stage 1	(229,399)	61,317	726,145	17,664	(7)	575,720
Transferred to stage 2	163,988	(77,071)	(766,442)	(8,382)	-	(687,907)
Transferred to stage 3	65,411	15,754	40,297	(9,282)	7	112,187
Effect on provision resulting from reclassification among the three stages	1,363,957	241,151	2,334,635	386,418	(7)	4,326,154
Changes resulting from adjustments	(1,812,538)	1,323,786	6,380,276	707,629	(57,435)	6,541,718
Written-off credit facilities	(13,121)	(4,247)	-	-	-	(17,368)
Balance at the end of the year	10,511,271	3,292,945	39,763,877	5,127,101	37,260	58,732,454
Re-allocation:						
Provision on an individual basis	10,511,271	3,292,945	39,763,877	5,127,101	37,260	58,732,454
Provision on a collective basis	-	-	-	-	-	-
Total	10,511,271	3,292,945	39,763,877	5,127,101	37,260	58,732,454

The classification of gross balances relating to corporate facilities according to the Bank's internal credit ratings is as follows:

	2021				2020
Item	Stage 1 (Individual)	Stage 2 (Individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
2	-	-	-	-	200,000
3	-	-	-	-	2,883,514
3-	7,301	-	-	7,301	1,633
4+	144,335	173,235	213,706	531,276	541,499
4	8,726,480	5,640,855	-	14,367,335	13,294,497
4-	28,770,212	5,201,727	-	33,971,939	20,398,169
5+	46,773,456	5,333,670	674,736	52,781,862	54,956,880
5	84,185,503	29,122,322	2,193,330	115,501,155	67,220,266
5-	55,689,419	6,966,605	41,897	62,697,921	67,253,990
6+	31,171,708	31,356,203	56,315,458	118,843,369	34,275,138
6	5,599,231	6,193,041	809,953	12,602,225	25,226,652
6-	679	5,663,929	2,023,476	7,688,084	10,986,492
7+	-	3,376,635	-	3,376,635	3,212,850
7	-	-	3,094,114	3,094,114	2,919,532
8	-	-	-	-	323,786
9		-	-	-	4,070,488
10	-	-	8,694	8,694	50,352,174
Not rated	(144,669)	73,764	-	(70,905)	7,046,800
Total	260,923,655	99,101,986	65,375,364	425,401,005	365,164,360

The movement on corporate facilities as of 31 December 2021 is as follows:

	2021				2020
	Stage 1 (Individual)	Stage 2 (Individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	261,896,522	46,520,623	56,747,215	365,164,360	352,980,000
New facilities during the year	32,796,198	150,000	-	32,946,198	13,615,888
Settled facilities	(3,513,539)	(1,105,779)	(920,310)	(5,539,628)	(20,274,298)
Transferred to stage 1	5,395,785	(3,848,147)	(1,547,638)	-	-
Transferred to stage 2	(59,326,204)	59,326,204	-	-	-
Transferred to stage 3	(2,964,267)	(9,396,748)	12,361,015	-	-
Changes resulting from adjustments	26,639,160	7,455,833	(1,013,473)	33,081,520	18,842,770
Listed in the regularly accounts off statement of financial position	-	-	(251,445)	(251,445)	-
Balance at the end of the year	260,923,655	99,101,986	65,375,364	425,401,005	365,164,360

The movement on the provision for expected credit losses for corporate facilities for the year is as follows:

	2021				2020
	Stage 1 (Individual)	Stage 2 (Individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	1,499,868	3,328,310	34,935,699	39,763,877	31,252,880
ECL for new facilities during the year	174,357	63	-	174,420	23,362
Recoveries from ECL related to settled facilities	(10,257)	(252,848)	(201,089)	(464,194)	(227,276)
Transferred to stage 1	38,993	(34,077)	(4,916)	-	-
Transferred to stage 2	(326,440)	326,440	-	-	-
Transferred to stage 3	(124,277)	(2,353,725)	2,478,002	-	-
Effect on provision resulting from reclassification among the three stages for the year	-	688,050	4,384,528	5,072,578	2,334,635
Changes resulting from adjustments	(12,271)	(99,729)	(1,424,541)	(1,536,541)	6,380,276
Listed in the regularly accounts off statement of financial position	-	-	(79,242)	(79,242)	-
Balance at the end of the year	1,239,973	1,602,484	40,088,441	42,930,898	39,763,877

The classification of gross balances relating to SMEs Facilities according to the Bank's internal credit rating is as follows:

	2021				2020
Item	Stage 1 (Individual)	Stage 2 (Individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
3+	236,473	-	653	237,126	157
3-	4,247	-	-	4,247	3,921
4+	7,683	283,267	-	290,950	250,250
4	3,674,274	493,780	378,065	4,546,119	5,787,669
4-	6,580,809	65,337	22,354	6,668,500	6,011,153
5+	9,856,104	3,822,566	33,679	13,712,349	16,118,202
5	14,967,096	186,990	466,525	15,620,611	9,637,535
5-	3,670,947	822,803	69,100	4,562,850	5,244,082
6+	3,984,095	1,329,058	6,518,118	11,831,271	6,355,100
6	1,223,611	9,720	-	1,233,331	1,953,608
6-	132,102	-	895,978	1,028,080	248,439
7+	332,480	-	-	332,480	303,478
7	-	-	76,302	76,302	90,592
7-	33,857	-	-	33,857	35,368
8	-	-	-	-	9,383
9	-	-	-	-	6,194
10	-	-	843,465	843,465	9,183,483
Not rated	(413,320)	4,048	-	(409,272)	(684,643)
Total	44,490,458	7,017,569	9,304,239	60,612,266	60,553,971

The movement on SMEs facilities at year end is as follows:

	2021				2020
	Stage 1 (Individual)	Stage 2 (Individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	44,347,632	5,467,958	10,738,381	60,553,971	51,366,405
New facilities during the year	3,375,868	348,943	56,367	3,781,178	14,455,147
Settled facilities	(2,230,658)	(278,883)	(585,913)	(3,095,454)	(7,809,641)
Transferred to stage 1	4,514,535	(4,119,953)	(394,582)	-	-
Transferred to stage 2	(5,111,826)	5,182,333	(70,507)	-	-
Transferred to stage 3	(152,735)	(412,541)	565,276	-	-
Changes resulting from adjustments	(452,358)	829,712	(918,434)	(541,080)	2,549,618
Written-off facilities	-	-	(86,349)	(86,349)	(7,558)
Balance at the end of the year	44,290,458	7,017,569	9,304,239	60,612,266	60,553,971

The movement on the provision for expected credit losses for SMEs facilities for the year is as follows:

	2021				2020
	Stage 1 (Individual)	Stage 2 (Individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	224,197	125,282	4,777,622	5,127,101	4,086,186
ECL for new facilities during the year	3,634	2,096	33,059	38,789	118,820
Recoveries from ECL related to settled facilities	(9,096)	(1,115)	(75,673)	(85,884)	(171,952)
Transfer to stage 1	24,907	(24,861)	(46)	-	-
Transfer to stage 2	(23,091)	23,561	(470)	-	-
Transfer to stage 3	(746)	(6,341)	7,087	-	-
Effect on provision resulting from reclassification among the three stages for the year	-	(91,514)	179,235	87,721	386,418
Changes resulting from adjustments	(152,330)	(128)	(163,042)	(315,500)	707,629
Listed in the regularly accounts off statement of financial position	-	-	(286)	(286)	-
Balance at the end of the year	67,475	26,980	4,757,486	4,851,941	5,127,101

The distribution of total credit facilities according to the Bank's internal credit rating for retail was as follows:

	2021				2020
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Credit cards	4,483,338	311,630	598,060	5,393,028	4,056,188
Overdraft account	319,196	12,537	266,038	597,771	625,721
Car loans	10,077,719	1,697,147	1,848,124	13,622,990	15,034,583
Personal loans	169,611,973	8,206,036	14,351,444	192,169,453	179,377,562
	184,492,226	10,227,350	17,063,666	211,783,242	199,094,054

The movement on credit facilities for individuals during the year ended 31 December 2021 was as follows:

	2021				2020
	Stage 1 (Individual)	Stage 2 (Individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	176,385,067	9,390,535	13,318,452	199,094,054	184,131,365
New facilities during the year	34,945,041	830,603	1,240,263	37,015,907	31,858,691
Settled facilities	(17,886,166)	(657,559)	(126,686)	(18,670,411)	(13,741,844)
Transferred to stage 1	5,412,596	(4,052,065)	(1,360,531)	-	-
Transferred to stage 2	(6,915,829)	7,502,992	(587,163)	-	-
Transferred to stage 3	(2,755,070)	(1,798,016)	4,553,086	-	-
Changes resulting from adjustments	(4,693,413)	(989,140)	129,159	(5,553,394)	(3,133,377)
Written–off credit facilities	-	-	(102,914)	(102,914)	(20,781)
Balance at the end of the year	184,492,226	10,227,350	17,063,666	211,783,242	199,094,054

The movement on the provision for expected credit losses for consumer facilities for the year is as follows:

	2021				2020
	Stage 1 (Individual)	Stage 2 (Individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	1,007,960	552,835	8,950,476	10,511,271	10,763,744
ECL for new facilities during the year	196,740	71,971	355,829	624,540	484,255
Recoveries from ECL related to settled facilities	(102,373)	(19,345)	(124,166)	(245,884)	(275,026)
Transferred to stage 1	44,860	(32,810)	(12,050)	-	-
Transferred to stage 2	(52,237)	97,203	(44,966)	-	-
Transferred to stage 3	(32,672)	(175,143)	207,815	-	-
Effect on provision-resulting from reclassification among the three stages for the year	-	276,623	1,232,690	1,509,313	1,363,957
Changes resulting from adjustments	(72)	7,119	264,594	271,641	(1,812,538)
Written-off credit facilities	-	-	(6,665)	(6,665)	(13,121)
Balance at the end of the year	1,062,206	778,453	10,823,557	12,664,216	10,511,271

The classification of gross balances relating to real estate Facilities according to the Bank's internal credit rating is as follows:

	2021				2020
Item	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Total
	JD	JD	JD	JD	JD
3	-	-	-	-	211,731
3-	1	-	-	1	58,506
4+	71,387	-	-	71,387	87,611
4	5,012,154	43,977	-	5,056,131	4,594,217
4-	2,828,704	1,022,307	-	3,851,011	17,766,505
5+	3,898,943	763,710	-	4,662,653	4,863,227
5	16,111,597	1,074,100	-	17,185,697	4,251,847
5-	1,574,138	2,427,199	-	4,001,337	1,403,635
6+	6,588,146	822,811	4,236,784	11,647,741	20,229,662
6	11,285,405	-	-	11,285,405	113,108
6-	2,214,295	-	-	2,214,295	2,190,994
7+	-	-	-	-	11
7	-	-	48,419	48,419	-
8	-	-	3,466,622	3,466,622	529,263
9	-	-	205,408	205,408	249,550
10	-	8	1,776,514	1,776,522	4,654,169
Not rated	49,927,123	4,186,201	452,420	54,565,744	57,469,977
Total	99,511,893	10,340,313	10,186,167	120,038,373	118,674,013

The movement on credit facilities for real estate during the year ended 31 December 2021 was as follows:

	31 December 2021				2020
	Stage 1 (Individual)	Stage 2 (Individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	100,225,923	10,200,087	8,248,003	118,674,013	121,834,039
New facilities during the year	10,884,952	121,749	108,925	11,115,626	6,310,503
Settled facilities	(2,793,596)	(248,040)	(1,420,358)	(4,461,994)	(7,587,747)
Transferred to stage 1	2,193,237	(1,942,409)	(250,828)	-	-
Transferred to stage 2	(4,063,142)	4,587,808	(524,666)	-	-
Transferred to stage 3	(1,914,682)	(2,447,595)	4,362,277	-	-
Changes resulting from adjustments	(5,020,799)	68,713	(88,287)	(5,040,373)	(1,869,070)
Written-off credit facilities	-	-	(248,899)	(248,899)	(13,712)
Balance at the end of the year	99,511,893	10,340,313	10,186,167	120,038,373	118,674,013

The movement on the provision for credit loss for real estate credit facilities during the year ended 31 December 2021 was as follows:

	31 December 2021				2020
	Stage 1 (Individual)	Stage 2 (Individual)	Stage 3 (Individual)	Total	Total
	JD	JD	JD	JD	JD
Balance at beginning of the year	246,208	561,411	2,485,326	3,292,945	1,777,426
ECL for new facilities during the year	26,231	913	18,488	45,632	22,623
Recoveries from ECL related to settled facilities	(5,259)	(12,887)	(507,553)	(525,699)	(67,794)
Transferred to stage 1	1,462	(1,314)	(148)	-	-
Transferred to stage 2	(7,550)	12,039	(4,489)	-	-
Transferred to stage 3	(1,993)	(378,607)	380,600	-	-
Effect on provision-resulting from reclassification among the three stages for the year	-	(26,871)	199,505	172,634	241,151
Changes resulting from adjustments	(146,706)	(27,842)	503,957	329,409	1,323,786
Written-off credit facilities	-	-	(37,187)	(37,187)	(4,247)
Balance at the end of the year	112,393	126,842	3,038,499	3,277,734	3,292,945

The distribution of total credit facilities according to the Bank's internal credit rating for the Government and Public Sector was:

	2021				2020
Item	Stage 1 (Individual)	Stage 2 (Individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
1	-	5	89	94	5,000,060
4	312,433	-	-	312,433	312,433
5+	13,644,016	-	-	13,644,016	8,261,798
5	26,250,000	-	-	26,250,000	30,000,000
5-	3,511,203	-	-	3,511,203	4,421,439
8	-	-	-	-	83
9	-	-	-	-	22
Not rated	1	2	60	63	3
Total	43,717,653	7	149	43,717,809	47,995,838

The movement on credit facilities for the Government and Public Sector during the year ended 31 December 2021 was as follows:

	2021				2020
	Stage 1 (Individual)	Stage 2 (Individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at beginning of the year	47,995,671	-	167	47,995,838	20,742,691
New facilities during the year	-	5	65	70	30,000,108
Settled facilities	-	-	(93)	(93)	(2,500,023)
Transferred to stage 2	-	2	(2)	-	-
Changes resulting from adjustments	(4,278,018)	-	12	(4,278,006)	(246,938)
Total balance at the end of the year	43,717,653	7	149	(43,717,809)	47,995,838

The movement on the provision for expected credit loss for the government credit facilities as of 31 December 2021 was as follows:

	2021				2020
	Stage 1 (Individual)	Stage 2 (Individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	37,174	-	86	37,260	94,618
ECL for new facilities during the year	-	-	18	18	86
Recoveries from ECL related to settled facilities	-	-	(83)	(83)	(2)
Effect on provision-resulting from reclassification among the three stages for the year	-	-	-	-	(7)
Changes resulting from adjustments	31,100	-	57	31,157	(57,435)
Total balance at the end of the year	68,274	-	78	68,352	37,260

Suspended Interests

The movement on suspended interests is as follows:

	Individuals	Real estate loans	Corporate: Corporates	Corporate: Small and medium companies	Government	Total
	JD	JD	JD	JD	JD	JD
For the year ended in 31 December 2021						
Balance at the beginning of the year	1,953,475	1,535,102	12,789,066	2,571,114	-	18,848,757
Add: Interests in suspense for the year	1,150,608	565,748	4,259,985	925,844	-	6,902,185
Less: Interests transferred to revenues	(261,678)	(442,719)	(284,069)	(341,124)	-	(1,329,590)
Interests in suspense written-off	(95,619)	(211,712)	(172,203)	(86,063)	-	(565,597)
Balance at the end of the year	2,746,786	1,446,419	16,592,779	3,069,771	-	23,855,755

	Individuals	Real estate loans	Corporate: Corporates	Corporate: Small and medium companies	Government	Total
	JD	JD	JD	JD	JD	JD
For the year ended in 31 December 2020						
Balance at the beginning of the year	1,312,553	1,255,739	9,746,437	1,764,542	-	14,079,271
Add: Interests in suspense for the year	905,140	617,880	3,446,289	1,058,048	-	6,027,357
Less: Interests transferred to revenues	(256,558)	(329,052)	(403,660)	(243,918)	-	(1,233,188)
Interests in suspense written-off	(7,660)	(9,465)	-	(7,558)	-	(24,683)
Balance at the end of the year	1,953,475	1,535,102	12,789,066	2,571,114	-	18,848,757

(7) Financial Assets at fair Value Through Statement of Income

The details of this item are as follows:

	31 December 2021	31 December 2020
	JD	JD
Quoted shares in active markets	1,778,210	1,645,923
Total	1,778,210	1,645,923

(8) Financial Assets at Fair Value Through other Comprehensive Income

The details of this item are as follows:

	31 December 2021	31 December 2020
	JD	JD
Quoted shares in active markets	26,622,099	23,954,878
Unquoted shares in active markets	5,320,573	5,098,235
Total financial assets at fair value through other comprehensive income	31,942,672	29,053,113

- Realized losses from the sale of shares at fair value through other comprehensive income amounted to JD 347,721 for the year ended 31 December 2021 and realized profit from sale debt instrument through other comprehensive income amounted JD 124,075. The profit was directly recorded in retained earnings within owners' equity (JD 124,075 for the year ended 31 December 2020). (2021:nill)

- Cash dividends for the above investments amounted to JD 196,417 for the year ended 31 December 2021 (JD 211,409 for the year ended 31 December 2020).

(9) Financial Assets at Amortized Cost, net

The details of this item are as follows:

	31 December 2021	31 December 2020
	JD	JD
Treasury bonds and bills	358,612,255	278,403,731
Companies' bonds and debentures	4,741,348	4,573,055
Total	363,353,603	282,976,786
Less: Provision for expected credit losses	(639,101)	(633,545)
Less: interests in suspense	(305,348)	(137,055)
Financial assets at amortized cost, net	362,409,154	282,206,186
Fixed Income	362,409,154	282,206,186
Total	362,409,154	282,206,186

The distribution of the gross balance for financial assets at amortized cost according to the Bank's internal risk rating is as follows:

	2021				2020
Item	Stage 1 (Individual)	Stage 2 (Individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
6+	361,448,255	-	1,905,348	363,353,603	282,976,786
Total	361,448,255	-	1,905,348	363,353,603	282,976,786

The movement of the financial assets at amortized cost as of 31 December 2021 is as follows:

	2021				2020
	Stage 1 (Individual)	Stage 2 (Individual)	Stage 3 (Individual)	Total	Total
	JD	JD	JD	JD	JD
Fair value at the beginning of the year	281,239,731	-	1,737,055	282,976,786	277,241,188
New investments during the year	114,299,916	-	-	114,299,916	109,980,523
Matured investments	(34,098,009)	-	-	(34,098,009)	(104,394,027)
Changes resulting from adjustments	6,617	-	168,293	174,910	149,102
Total balance at the end of the year	361,448,255	-	1,905,348	363,353,603	282,976,786

The movement on the impairment provision for financial assets at amortized cost:

	2021				2020
	Stage 1 (Individual)	Stage 2 (Individual)	Stage 3 (Individual)	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	48,563	-	584,982	633,545	507,062
Recoveries from ECL related to matured investment					(9,408)
Effect of the reclassification between stages	-	-	-	-	-
Changes resulting from adjustments	5,343	-	213	5,556	135,891
Total balance at the end of the year	53,906	-	585,195	639,101	633,545

(10) Property and Equipment, Net

	Lands	Buildings	Machines and Office Equipment	Decorations	Vehicles	Computers	Payments for Property and Equipment	Total
2021	JD	JD	JD	JD	JD	JD	JD	JD
Cost:								
Balance at the beginning of the year	2,893,110	14,446,561	10,313,583	6,701,559	313,074	5,383,628	814,348	40,865,863
Additions	-	-	24,539	14,338	5,936	149,214	1,931,509	2,125,536
Disposals	-	-	(116,877)	(69,266)	-	(322,859)	-	(509,002)
(Transfer) from payments for acquisition of property and equipment	-	-	254,672	406,045	-	1,052,944	(1,713,661)	-
Balance at the end of the year	2,893,110	14,446,561	10,475,917	7,052,676	319,010	6,262,927	1,032,196	42,482,397
Accumulated Depreciation:								
Balance at the beginning of the year	-	2,696,171	7,045,022	4,772,287	229,500	4,250,201	-	18,993,181
Depreciation for the year	-	278,729	828,133	498,937	34,696	498,283	-	2,138,777
Disposals	-	-	(115,940)	(69,217)	-	(322,248)	-	(507,405)
Balance at the end of the year	-	2,974,900	7,757,215	5,202,007	264,195	4,426,236	-	20,624,553
Net book value of property and Equipment at the end of the year	2,893,110	11,471,661	2,718,702	1,850,669	54,815	1,836,691	1,032,196	21,857,844
Depreciation rate %	-	2	10-15	15	15	20	-	
2020								
Cost:								
Balance the beginning of the year	2,893.110	14,521,561	9,099,494	6,268,709	299,074	5,031,886	1,458,785	39,572,619
Additions	-	-	10,306	22,412	14,000	38,140	1,615,415	1,700,273
Disposals	-	(75,000)	(86,530)	(214,348)	-	(6,409)	(24,742)	(407,029)
(Transfer) from payments for acquisition of property and equipment	-	-	1,290,313	624,786	-	320,011	(2,235,110)	-
Balance at the end of the year	2,893,110	14,446,561	10,313,583	6,701,559	313,074	5,383,628	814,348	40,865,863
Accumulated Depreciation:								
Balance at the beginning of the year	-	2,439,701	6,226,087	4,519,955	190,620	3,765,859	-	17,142,222
Depreciation for the year	-	278,854	903,119	466,543	38,880	490,746	-	2,178,142
Disposals	-	(22,384)	(84,184)	(214,211)	-	(6,404)	-	(327,183)
Balance at the end of the year	-	2,696,171	7,045,022	4,772,287	229,500	4,250,201	-	18,993,181
Net book value of property and equipment at the end of the year	2,893,110	11,750,390	3,268,561	1,929,272	83,574	1,133,427	814,348	21,872,682

- Fully depreciated property and equipment amounted to JD 11,728,322 as of 31 December 2021 (JD 10,208,757 as of 31 December 2020)

(11) Intangible Assets, net

	Computers and Software Programs	
	2021	2020
	JD	JD
Balance at the beginning of the year	2,093,653	1,855,317
Additions during the year	93,758	290,728
Payments for the acquisition of intangible assets	612,006	372,007
Amortization for the year	(532,768)	(424,399)
Balance at the end of the year	2,266,649	2,093,653
Annual amortization percentage %	20%	20%

(12) Right-of-use assets / Lease liabilities:

The Bank rent several assets such as lands and building with an average term 5 years. Following is the movement on right-of-use assets during the year:

	2021		2020	
	Right of use	Lease liabilities	Right of use	Lease liabilities
	JD	JD	JD	JD
Balance at the beginning of the year	5,119,281	4,830,299	5,141,936	4,538,267
Additions during the year	1,308,457	1,308,457	1,091,961	1,091,961
Depreciation for the year	(949,490)	-	(1,019,175)	-
Terminated Contracts	(48,515)	(48,515)	(95,441)	(95,441)
Paid during the year	-	(1,130,669)	-	(1,063,737)
Interest for the year	-	401,541	-	359,249
Balance as of 31 December 2021	5,429,733	5,361,113	5,119,281	4,830,299

Analysis of the maturity of the lease liabilities

	2021	2020
	JD	JD
Less than one year	969,114	800,925
One to five year	2,272,868	3,294,362
More than five years	2,119,131	735,012
	5,361,113	4,830,299

(13) Other Assets

	2021	2020
	JD	JD
Accrued interest and revenue	10,991,118	11,034,406
Accounts receivable sold in installments	6,553,941	10,513,038
Prepaid expenses	1,009,119	1,062,039
Assets seized by the Bank against due debts - net **	63,485,568	66,042,144
Refundable deposits	1,760,573	1,286,457
Clearing cheques	38,500	46,840
Purchase of time withdrawals and letters of credit – net*	2,310,629	15,029,810
Other	4,040,829	3,729,282
Total	90,190,277	108,744,016

* Disclosure on the distribution of total time withdrawals and purchased letters of credit based on the bank's internal credit rating:

	2021				2020
Item	Stage 1 (individual)	Stage 2 (individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
5-	-	-	-	-	10,862,969
6+	-	-	-	-	4,350,396
6	2,507,988	-	-	2,507,988	-
Total	2,507,988	-	-	2,507,988	15,213,365

- Movement on the balances of time withdrawals and letters of credit:

	2021				2020
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	15,213,365	-	-	15,213,365	35,103,927
New balances during the year	-	-	-	-	15,213,365
Paid balances	(10,862,969)	-	-	(10,862,969)	(35,103,927)
Changes resulting from adjustments	(1,842,408)	-	-	(1,842,408)	-
Total	2,507,988	-	-	2,507,988	15,213,365

- Movement on impairment provision of time withdrawals and purchased letters of credit:

	2021				2020
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	183,555	-	-	183,555	245,569
New balances during the year	-	-	-	-	183,555
Paid balances	(107,973)	-	-	(107,973)	(245,569)
Changes resulting from adjustments	121,777	-	-	121,777	-
Balance at the end of the year	197,359	-	-	197,359	183,555

There were no transfers between stages (1, 2 and 3) or written-off balances during the year ended 31 December 2021.

** The movement summary on assets seized by the Bank against due debts during the year is as follows:

	31 December 2021				31 December 2020
	Seized Properties	Seized properties sold on installments	Seized Shares	Total	Total
	JD	JD	JD	JD	JD
Balance at beginning of the year, net	61,098,654	4,274,978	668,512	66,042,144	87,114,292
Additions during the year	8,897,831	-	-	8,897,831	4,445,479
Disposals during the year	(7,906,166)	(3,564,463)	-	(11,470,629)	(23,949,572)
Sold assets - installments	(51,489)	51,489	-	-	-
Impairment effect for the year	28,113	466,731	(478,622)	16,222	(1,568,055)
Balance at the end of the year	62,066,943	1,228,735	189,890	63,485,568	66,042,144

- The movement on impairment loss on assets seized by the Bank against due debts during the year is as follows:

	31 December 2021				31 December 2020
	Seized Properties	Seized Properties sold on instalments	Seized Shares	Total	Total
	JD	JD	JD	JD	JD
Balance – beginning of the year	7,562,129	621,625	504,972	8,688,726	7,320,705
Booked Provision during the year	996,728	70,769	-	1,067,497	1,515,264
Utilized from provision during the year	(1,102,171)	(596,498)	(326,695)	(2,025,364)	(147,243)
Properties sold on instalments	(1,335)	1,335	-	-	-
Unrealized loss (gains) from seized assets shares	-	-	805,317	805,317	200,034
Balance – end of the year	7,455,351	97,231	983,594	8,536,176	8,888,760

* According to the Central Bank of Jordan's instructions, properties and shares seized by the Bank against past-due customer debts should be disposed of within two years from their acquisition date. For exceptional cases, the Central Bank of Jordan may extend this period for two additional years.

- There is an impairment loss of around JD 7.9 million against seized assets as of 31 December 2018. Pursuant to Letter No. 10/1/43 dated 31 December 2018, the Central Bank of Jordan approved to allocate the impairment amount over five years in equal amounts starting from the year 2019. During 2020 and 2021, the Bank has revaluated the seized assets after two years passed on its evaluation, and resulted in an increase in its fair value by JD 1.1 million and JD 141 thousand respectively, bringing the value of the deferred provision as at 31 December 2021 JD 2 million.

(14) Banks and Financial Institutions Deposits

	31 December 2021			31 December 2020		
	Inside Kingdom	Outside Kingdom	Total	Inside Kingdom	Outside Kingdom	Total
	JD	JD	JD	JD	JD	JD
Current and call accounts	-	3,281,020	3,281,020	-	3,490,901	3,490,901
Term deposits	70,487,000	37,545,000	108,032,000	49,926,000	49,254,000	99,180,000
Total	70,487,000	40,826,020	111,313,020	49,926,000	52,744,901	102,670,901

Banks' deposits maturing within a period of more than three months amounted to JD 72,000,000 as of 31 December 2021 (JD 75,000,000 as of 31 December 2020).

(15) Customers' Deposits

	31 December 2021				
		Companies			
	Retail	Corporate	Small and Medium	Government and Public Sector	Total
	JD	JD	JD	JD	JD
Current and call accounts	33,722,870	37,950,749	35,536,422	6,490,325	113,700,366
Savings deposits	222,947,549	215,440	3,026,434	1,040,878	227,230,301
Certificates of deposit	27,352,855	-	30,000	-	27,382,855
Term deposits subject to notice	367,555,032	72,189,398	97,890,192	63,440,750	601,075,372
Total	651,578,306	110,355,587	136,483,048	70,971,953	969,388,894

	31 December 2020				
		Companies			
	Retail	Corporate	Small and Medium	Government and Public Sector	Total
	JD	JD	JD	JD	JD
Current and call accounts	38,221,871	22,125,925	36,708,572	6,556,691	103,613,059
Savings deposits	205,907,755	1,233,347	1,894,300	59,878	209,095,280
Certificates of deposit	28,921,346	-	46,794	-	28,968,140
Term deposits subject to notice	349,092,248	75,207,641	83,861,396	85,849,202	594,010,487
Total	622,143,220	98,566,913	122,511,062	92,465,771	935,686,966

- The Government of Jordan and the public sector's deposits inside the Kingdom amounted to JD 70,971,953 equivalent to 7.32% of total deposits as of 31 December 2021 (JD 92,465,771 equivalent to 9.9% of total deposits as of 31 December 2020).
- Non-interest-bearing deposits amounted to 111,655,552 JD, equivalent to 11.52% of total deposits as of 31 December 2021 (JD 99,992,527 equivalent to 10.7 % of total deposits as of 31 December 2020).
- Reserved deposits (restricted withdrawals) amounted to JD 1,839,394 equivalent to 0.19% of total deposits as of 31 December 2021 (JD 2,685,719 equivalent to 0.29% of total deposits as of 31 December 2020).
- Dormant deposits amounted to JD 11,587,667 as of 31 December 2021 (JD 3,882,102 of 31 December 2020).

(16) Cash Margins

	31 December 2021	31 December 2020
	JD	JD
Cash margins on direct credit facilities	21,911,826	22,727,383
Cash margins on indirect credit facilities	18,302,933	18,511,377
Marginal cash deals	614,368	583,842
Total	40,829,127	41,822,602

(17) Borrowed Funds

31 December 2021	Amount	Utilized	Repayment method	Guarantees	Interest Rate
	JD	JD			%
Loan from the World Bank through the Central Bank of Jordan	2,000,000	1,200,000	20 years, including a 5-year grace period; to be settled in semi-annual installments	-	2.5
Loan from the Arab Monetary Fund via Central Bank of Jordan	2,100,000	777,000	10 years, including a 3 -year grace period; to be settled in semi-annual installments	-	2.5
Advances from the Central Bank of Jordan	30,765,822	30,765,822		-	0-2.25
Jordan Mortgage Refinance Company	10,000,000	10,000,000	Bullet payment dated 5/2/2024	Transfer of property mortgage	4.8
Jordan Mortgage Refinance Company	10,000,000	10,000,000	Bullet payment dated 16/08/2028	Transfer of property mortgage	5.1
Jordan Mortgage Refinance Company	10,000,000	10,000,000	Bullet payment dated 26/9/2024	Transfer of property mortgage	4.55
International Fund for Agricultural Development through the Central Bank of Jordan	750,000	722,637	18 years, including a 3-year grace period; to be settled in semi-annual installments	-	2.35
The Central Bank of Jordan against mortgaged bonds / repurchase agreement	77,018,278	77,018,278		Bonds mortgage	2
Total		140,483,737			

The re-borrowed loans balance amounted to JD 34,598,905 as of 31 December 2021 (JD 30,266,815 as of 31 December 2020). The interest rates ranged between 2% and 10 % as of 31 December 2021 (2% and 10% 31 December 2020).

31 December 2020	Amount	Utilized	Repayment method	Guarantees	Interest Rate
	JD	JD			%
Loan from the World Bank through the Central Bank of Jordan	2,000,000	1,400,000	20 years, including a 5-year grace period; to be settled in semi-annual installments	-	2.5
Loan from the Arab Monetary Fund via Central Bank of Jordan	2,100,000	1,071,000	10 years, including a 3 -year grace period; to be settled in semi-annual installments	-	2.5
Advances from the Central Bank of Jordan	29,927,920	29,927,920		-	0-2.25
Jordan Mortgage Refinance Company	10,000,000	10,000,000	Bullet payment dated 21/9/2021	Transfer of property mortgage	6.6
Jordan Mortgage Refinance Company	10,000,000	10,000,000	Bullet payment dated 16/08/2021	Transfer of property mortgage	6.35
Jordan Mortgage Refinance Company	10,000,000	10,000,000	Bullet payment dated 5/2/2024	Transfer of property mortgage	6.8
International Fund for Agricultural Development through the Central Bank of Jordan	750,000	750,000	18 years, including a 3-year grace period; to be settled in semi-annual installments	-	2.35
The Central Bank of Jordan against mortgaged bonds / repurchase agreement	40,415,808	40,415,808		Bonds mortgage	2
Total		103,564,728			

(18) Income Tax

a. Income tax provision

The movement on the provision for income tax during the year was as follows:

	For the year ended 31 December	
	2021	2020
	JD	JD
Balance at the beginning of the year	174,758	-
Income tax incurred on current year profit	3,781,013	810,257
Prior year income tax expense	1,384,390	-
Income tax paid	(2,213,867)	(635,499)
Balance at the end of the year	3,126,294	174,758

b. Income tax expense

Income tax expense shown in the statement of income represents the following:

	31 December 2021	31 December 2020
	JD	JD
Income tax incurred on current year profit	3,781,013	810,257
Prior year income tax expense	1,384,390	-
Impact of deferred tax assets	251,163	1,268,959
Impact of deferred tax liabilities	124,612	(50,388)
Total	5,541,178	2,028,828

c. Tax status

The Bank has reached a final settlement with the Income and Sales Tax Department until the end of the year 2016 and 2018.

Regarding the year 2017, the income tax return was submitted within the legal period and it was reviewed by the Income and Sales Tax Department. A decision was made that required the Bank to pay a tax difference for the year 2017 by an amount of JD 1.9 million and the Bank has appealed the decision. Regarding the year 2019 and 2020, the income tax return was submitted within the legal period, but it has not been reviewed yet.

In the opinion of the Bank's management and legal and tax advisors, no liabilities in excess of the provision booked and the advance payments made by the Bank will arise as of the date of the financial statements

d. Deferred tax assets and liabilities

	2021					2020
	Balance at the beginning of the year	Additions	Released	Balance at the end of the year	Deferred Tax	Deferred Tax
a. Deferred Tax Assets	JD	JD	JD	JD	JD	JD
Provision for doubtful debts before the year 2000	243,951	-	12,900	231,051	87,799	92,701
Provision for impairment in seized properties	5,336,171	996,728	536,328	5,796,571	2,202,697	2,027,745
Provision for properties seized for more than four years	2,847,581	-	1,091,572	1,756,009	667,283	1,082,081
Provision for seized shares in violation	504,972	-	326,695	178,277	67,745	191,889
Impairment loss on shares seized against debts	849,181	805,317	-	1,654,498	628,709	322,689
Provision for lawsuits against the Bank	207,152	233,203	172,665	267,690	101,722	78,718
Provision for end-of-service indemnity	359	-	-	359	136	136
Provision for suspended legal fees and expense	2,731,223	716,094	48,160	3,399,157	1,291,680	1,037,865
Fair value reserve *	3,259,651	(1,416,304)	273,831	1,569,516	596,416	1,238,667
Other provisions	3,106,803	176,080	-	3,282,883	1,247,496	1,180,586
Unrealized loss on the share's portfolio at fair value through statement of income	-	700,000	-	700,000	266,000	-
Expected credit loss on balances and deposits in local banks	97,858	-	97,858	-	-	37,186
Expected credit loss on balances and deposits in foreign banks	17,786	-	14,933	2,853	1,084	6,759
Expected credit loss on financial assets at amortized cost	525,447	-	525,435	12	5	199,670
Expected credit loss on direct credit facilities	633,545	5,556	-	639,101	242,858	240,747
Expected credit loss on indirect credit facilities	7,583,245	-	2,498,165	5,085,080	1,932,330	2,881,633
Expected credit loss on un-utilized limits of credit facilities / direct	970,884	33,607	-	1,004,491	381,707	368,936
Expected credit loss on un-utilized limits of credit facilities / indirect	264,011	-	45,317	218,694	83,104	100,324
Expected credit loss on purchase of time withdrawals and letters of credit	152,069	-	53,457	98,612	37,473	57,786
Provision for losses on sale of Palestine branches	183,555	13,804	-	197,359	74,996	69,751
Prior Year Losses	-	3,517,470	354,260	3,163,210	411,217	-
Total	29,515,444	5,781,555	6,051,576	29,245,423	10,322,457	11,215,869
b. Deferred tax liabilities						
Unrealized gains on the share’s portfolio at fair value through statement of income	-	327,928	-	327,928	124,612	-
Total	-	327,928	-	327,928	124,612	-

* Deferred tax assets resulting from valuation loss of financial assets at fair value through other comprehensive income appear within the valuation reserve for financial assets at fair value in the owners' equity statement.

The movement on deferred tax assets during the year was as follows:

	31 December		31 December	
	2021	2020	2021	2020
	Assets	Assets	Liabilities	Liabilities
	JD	JD	JD	JD
Balance at the beginning of the year	11,215,869	12,313,532	-	50,388
Additions during the year	1,317,622	1,902,665	124,612	-
Disposals during the year	(2,211,034)	(3,000,328)	-	(50,388)
Balance at the end of the year	10,322,457	11,215,869	124,612	-

Deferred tax assets for Income inside Jordan have been calculated using a tax rate of 38%, 13% for income outside Jordan as of 31 December 2021 and 2020 in accordance to the income tax rate for banks as per the Income Tax Law No (34) for the year 2014 and its amendments, effective beginning on 1 January 2019.

e. Summary of reconciliation between declared income and taxable Income:

	2021	2020
	JD	JD
Declared income	12,545,953	4,933,007
Add: Non-deductible tax expenses	4,655,445	7,304,199
Less: Exempted tax income	(7,514,520)	(10,170,305)
Adjusted taxable income	9,686,878	2,066,901
Income tax rates:	38%	38%
Effective tax rate	30%	16%

(19) Sundry Provisions

The details of this item are as follows:

2021	Balance at the beginning of the year	Expense for the year	Paid during the year	Balance at the end of the year
	JD	JD	JD	JD
Provision for lawsuits against the Bank	207,152	233,203	(172,665)	267,690
Provision for end-of-service indemnity	359	-	-	359
Other provisions	615,000	-	-	615,000
Total	822,511	233,203	(172,665)	883,049

2020	Balance at the beginning of the year	Expense for the year	Paid during the year	Balance at the end of the year
	JD	JD	JD	JD
Provision for lawsuits against the Bank	368,568	15,450	(176,866)	207,152
Provision for end-of-service indemnity	2,056	-	(1,697)	359
Other provisions	1000,000	615,000	(1,000,000)	615,000
Total	1,370,624	630,450	(1,178,563)	822,511

(20) Other Liabilities

The details of this item are as follows:

	31 December 2021	31 December 2020
	JD	JD
Acceptable checks	3,615,498	4,977,123
Accrued interest	4,950,193	4,818,358
Refundable and various deposits	7,343,057	4,979,932
Safe deposits boxes	100,665	94,219
Shareholders' deposits	11,579	14,608
Income tax and social security deposits	346,262	328,804
Accrued expenses	1,242,738	638,115
Transactions in transit among branches	1,122,849	1,032,341
Board of Directors' remunerations	55,000	55,000
Received amounts on the sale of land and real estate*	1,005,237	1,973,227
Inward remittance	1,043,627	18
Expected credit loss on indirect facilities and un-utilized limits**	1,321,797	1,386,964
Other	4,077,435	2,683,304
Total	26,235,937	22,982,013

* The movement on this item during the year was as follows:

	31 December 2021	31 December 2020
	JD	JD
Balance at the beginning of the year	1,973,227	13,049,944
Received amounts	2,182,010	97,822
Disposals	(3,150,000)	(11,174,539)
Balance at the end of the year	1,005,237	1,973,227

** Below is the movement on indirect facilities (collectively) as of year-end:

	2021					2020
	Stage (1)		Stage (2)			
	Collective	Individual	Collective	Individual	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	-	208,269,727	-	43,245,869	5,749,448	257,265,044
New exposures during the period	-	16,318,220	-	210,362	9,399	16,537,981
Matured exposures	-	(29,974,012)	-	(689,783)	(241,617)	(30,905,412)
Transferred to stage (1)	-	12,417,229	-	(12,342,907)	(74,322)	-
Transferred to stage (2)	-	(6,430,401)	-	6,430,401	-	-
Transferred to stage (3)	-	(235,005)	-	(208,401)	443,406	-
Changes resulting from adjustments	-	9,220,148	-	(5,706,579)	(418,668)	3,094,901
Balance at the end of the year	-	209,585,906	-	30,938,962	5,467,646	245,992,514

** Below is the movement on the expected credit loss for indirect facilities (collectively and individually) during the year:

	2021						2020
	Stage (1)		Stage (2)				
	Collective	Individual	Collective	Individual	Stage (3)	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	-	503,751	-	255,305	627,908	1,386,964	4,643,231
New exposures during the year	-	28,873	-	938	1,515	31,326	91,948
Reversed impairment loss on matured exposures	-	(67,931)	-	(15,774)	(18,858)	(102,563)	(449,562)
Transferred to stage (1)	-	33,915	-	(33,749)	(166)	-	-
Transferred to stage (2)	-	(24,999)	-	24,999	-	-	-
Transferred to stage (3)	-	(37)	-	(185)	222	-	-
Effect on provision as of the end of the year due to reclassification between the stages during the year	-	-	-	(24,249)	29,232	4,983	(1,175,848)
Changes resulting from adjustments	-	20,059	-	(59,680)	40,708	1,087	(1,722,805)
Balance at the end of the year	-	493,631	-	147,605	680,561	1,321,797	1,386,964

** Below is the disclosure of the total guarantees according to the Bank's credit rating categories:

Internal Credit Rating	2021 Stage (1)	2021 Stage (2)	2021 Stage (3)	2021 Total	2020 Total
	JD	JD	JD	JD	JD
1	-	-	-	-	300
2	7,500	-	-	7,500	7,500
3+	38,500	-	-	38,500	50,800
3	12,500	-	-	12,500	16,000
3-	51,300	-	-	51,300	238,300
4+	1,195,032	302,050	-	1,497,082	1,852,369
4	7,006,011	-	205,000	7,211,011	7,498,535
4-	4,507,803	765,300	21,000	5,294,103	8,029,575
5+	25,610,547	10,667,118	120,000	36,397,665	29,327,468
5	29,812,196	1,583,898	499,000	31,895,094	32,506,625
5-	5,778,553	1,020,500	1,000	6,800,053	15,598,548
6+	14,523,803	2,032,965	4,406,244	20,963,012	14,987,061
6	1,875,002	-	-	1,875,002	1,742,303
6-	459,849	144,092	7,000	610,941	2,573,927
7+	164,000	1,448,600	-	1,612,600	1,623,660
7	20,000	-	800	20,800	20,500
Not rated	-	-	178,936	178,936	323,577
Total	91,062,596	17,964,523	5,438,980	114,466,099	116,397,048

Below is the movement on guarantees as of the end of the year:

	2021 Stage (1) Individual	2021 Stage (2) Individual	2021 Stage (3)	2021 Total	2020 Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	87,323,329	23,397,411	5,676,308	116,397,048	148,307,196
New exposures during the year	1,388,554	12,000	-	1,400,554	1,909,554
Matured exposures	(2,582,750)	(148,534)	(169,742)	(2,901,026)	(29,192,084)
Transferred to stage 1	8,286,520	(8,213,220)	(73,300)	-	-
Transferred to stage 2	(3,795,416)	3,795,416	-	-	-
Transferred to stage 3	(218,639)	(205,500)	424,139	-	-
Changes resulting from adjustments	660,998	(673,050)	(418,425)	(430,477)	(4,627,618)
Balance at the end of the year	91,062,596	17,964,523	5,438,980	114,466,099	116,397,048

- Below is the movement on the provision of the expected credit losses for guarantees as of year-end:

	2021				2020
	Stage (1) (Individual)	Stage (2) (Individual)	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	149,933	172,476	615,922	938,331	3,252,653
Impairment loss on new exposures during the year	154	-	-	154	6,122
Reversed impairment loss on matured exposures	(470)	(237)	(7,084)	(7,791)	(129,653)
Transferred to stage (1)	27,143	(26,983)	(160)	-	-
Transferred to stage (2)	(8,601)	8,601	-	-	-
Transferred to stage (3)	(13)	(147)	160	-	-
Effect on the provision due to reclassification between the stages during the year	-	(309)	28,361	28,052	(743,783)
Changes resulting from adjustments	18,940	(24,157)	40,707	35,490	(1,447,008)
Balance at the end of the year	187,086	129,244	677,906	994,236	938,331

- Below is the disclosure on the total distribution of letters of credit and acceptances according to the Bank's internal credit rating categories:

	2021				2020
Internal Credit Rating	Stage (1)	Stage (2)	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
4+	-	-	-	-	79,000
4	-	-	-	-	34,556
4-	426,818	2,091,813	-	2,518,631	418,405
5+	3,035,059	-	-	3,035,059	5,996,062
5	13,351,000	-	-	13,351,000	-
5-	50,091	-	-	50,091	8,211,162
6+	3,404,585	1,539,648	-	4,944,233	1,369,264
6	273,000	-	-	273,000	10,062,822
7+	11,698	-	-	11,698	11,699
Total	20,552,251	3,631,461	-	24,183,712	26,182,970

- The movement on letters of credit and acceptances as at the end of the year was as follows:

	2021				2020
	Stage (1) (Individual)	Stage (2) (Individual)	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	16,494,506	9,688,464	-	26,182,970	72,880,482
New exposures during the year	2,953,156	121,650	-	3,074,806	3,014,324
Paid credit facilities	(8,012,357)	(341,164)	-	(8,353,521)	(35,954,200)
Transfer to stage (1)	11,699	(11,699)	-	-	-
Changes resulting from adjustments	9,105,247	(5,825,790)	-	3,279,457	(13,757,636)
Balance at the end of the year	20,552,251	3,631,461	-	24,183,712	26,182,970

- The movement on the provision for expected credit loss for letters of credit and acceptances as at year-end was as follows:

	2021				2020
	Stage (1) (Individual)	Stage (2) (Individual)	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	17,225	15,328	-	32,553	721,135
Credit losses on new exposures during the year	1,206	-	-	1,206	1,650
Recovered from impairment loss on due facilities	(5,064)	(156)	-	(5,220)	(204,425)
Effect on the provision resulting from the reclassification between the three stages	-	(560)	-	(560)	(116,466)
Changes resulting from adjustments	(8,500)	(9,224)	-	(17,724)	(369,341)
Balance at the end of the year	4,867	5,388	-	10,255	32,553

- Disclosure on the total distribution of unused facilities limits according to the Bank's internal credit rating categories:

	2021				2020
Internal Credit Rating	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
3+	13,000	-	-	13,000	9,665
3	-	-	-	-	567,915
3-	2,179	-	-	2,179	8,325
4+	1,501,860	706,753	-	2,208,613	354,755
4	1,809,698	23,254	-	1,832,952	5,284,358
4-	6,703,500	2,699,181	-	9,402,681	14,969,565
5+	19,646,366	3,415,831	-	23,062,197	26,017,521
5	38,103,334	1,309,235	-	39,412,569	25,705,768
5-	9,720,950	29,789	-	9,750,739	12,186,160
6+	9,452,786	1,014,017	-	10,466,803	18,200,290
6	930,250	2,656	-	932,906	2,151,230
6-	565,160	-	-	565,160	573,972
7+	-	1,740	-	1,740	176,499
7	-	-	-	-	7,736
Not rated	9,521,976	140,522	28,666	9,691,164	8,471,267
Total	97,971,059	9,342,978	28,666	107,342,703	114,685,026

- Below is the movement on un-utilized limit facilities:

	2021				2020
	Stage (1) (Individual)	Stage (2) (Individual)	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	104,451,892	10,159,994	73,140	114,685,026	125,850,379
New exposures during the year	11,976,510	76,712	9,399	12,062,621	22,380,815
Matured exposures	(19,378,905)	(200,085)	(71,875)	(19,650,865)	(31,394,510)
Transferred to stage (1)	4,119,010	(4,117,988)	(1,022)	-	-
Transferred to stage (2)	(2,634,985)	2,634,985	-	-	-
Transferred to stage (3)	(16,366)	(2,901)	19,267	-	-
Changes resulting from adjustments	(546,097)	792,261	(243)	245,921	(2,151,658)
Balance at the end of the year	97,971,059	9,342,978	28,666	107,342,703	114,685,026

Below is the movement on the provision of expected credit losses of un-utilized facilities:

	2021				2020
	Stage (1) (Individual)	Stage (2) (Individual)	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	336,593	67,501	11,986	416,080	669,443
Impairment loss on new exposures during the year	27,513	938	1,515	29,966	84,176
Reversed impairment loss on matured exposures	(62,397)	(15,381)	(11,774)	(89,552)	(115,484)
Transferred to stage (1)	6,772	(6,766)	(6)	-	-
Transferred to stage (2)	(16,398)	16,398	-	-	-
Transferred to stage (3)	(24)	(38)	62	-	-
Effect on provision due to reclassification between the stages during the year	-	(23,380)	871	(22,509)	(315,599)
Changes resulting from adjustments	9,619	(26,299)	1	(16,679)	93,544
Balance at the end of the year	301,678	12,973	2,655	317,306	416,080

(21) Authorized and Paid-up Capital

In its extraordinary meeting held on 30 April 2017, the Bank's General Assembly decided to approve the capital increase of JD/share 7,125,000. Accordingly, the Bank's authorized and paid-up capital would become JD/share 120,000,000 through capitalizing part of retained earnings and distributing the amount free of charge to the shareholders. The procedures for the increase in paid-up capital were completed at the Companies Control Department in Jordan on 7 June 2017, whereby authorized and paid-up capital has become JD/share 120,000,000 as of 31 December 2021 and 2020.

(22) Reserves

Statutory Reserve

This account represents the accumulated amount of the appropriations from income before tax at 10% during the year and previous years according to the Banks Law and Jordanian Companies Law. This amount is not distributable to the shareholders.

Restricted reserves as of the financial statements date are as follows:

	31 December		
Reserve Name	2021	2020	Restriction Nature
	JD	JD	
Statutory reserve	17,208,213	15,953,618	Restricted according to the banks law and companies' law

(23) Fair Value Reserve – Net

The movement on this account for the year is as follow:

	31 December 2021	31 December 2020
	JD	JD
Balance at the beginning of the year	(2,020,984)	(2,211,406)
Unrealized gain (losses)	700,163	(245,490)
Released from selling financial assets at fair value through other comprehensive income	347,721	(258,850)
Transferred to retained earnings as a result of selling Palestine branches	-	694,762
Balance at the end of the year	(973,100)	(2,020,984)

- Fair value reserve balance includes JD 311,112 as at 31 December 2021 and 2020 against implementation of International Financial Reporting Standard No. (9).

(24) Retained Earnings

The movement on this account for the year is as follow:

	31 December 2021	31 December 2020
	JD	JD
Balance at the beginning of the year	5,534,153	1,862,494
Profit for the year	7,004,775	513,503
(Transferred) to reserves	(1,254,595)	(493,300)
Transferred from reserves as a result of selling Palestine branches	-	3,392,606
Realized (losses) gains from selling financial assets at fair value through other comprehensive income	(347,721)	258,850
Balance at the end of the year	10,936,612	5,534,153

Retained earnings balance includes JD 10,322,457 as at 31 December 2021 of restricted amounts against deferred tax assets according to the Central Bank of Jordan's instructions.

Use of retained earnings balances equal to the negative cumulative change in fair value of financial assets of JD 973,100 is restricted as at 31 December 2021 (including JD 311,112 against the implementation of International Financial Reporting Standard No. (9) according to the instructions of the Jordan Securities Commission and the Central Bank of Jordan.

(25) Interest Income

Details of this account are as follows:

	2021	2020
Direct credit facilities:	JD	JD
Individuals (retail)		
Overdraft accounts	10,232	223,067
Loans and promissory notes	17,194,528	16,445,505
Credit cards	910,923	788,436
Real - estate loans	10,023,248	9,034,200
Companies		
Large Corporate		
Overdraft accounts	4,180,807	4,821,808
Loans and promissory notes	16,168,221	18,368,725
Small and medium entities		
Overdraft accounts	1,069,166	1,697,499
Loans and promissory notes	3,043,755	3,223,861
Government and public sector	2,953,046	2,231,460
Balances at central banks	159,350	435,789
Balances and deposits at banks and financial institutions	491,920	285,559
Financial assets at amortized cost	14,198,850	13,042,369
Total	70,404,046	70,598,278

(26) Interest Expense

Details of this account are as follows:

	2021	2020
	JD	JD
Banks and financial institutions deposits	3,328,819	3,025,164
Customers' deposits		
Current and call accounts	37,795	176,007
Saving accounts	1,694,194	1,366,886
Certificates of deposit	1,312,773	1,615,574
Time and notice deposits	22,747,737	24,520,652
Cash margins	820,274	1,333,168
Borrowed funds	2,949,226	3,450,677
Lease contract obligations	401,541	359,249
Deposit Insurance Corporation fees	1,317,090	1,226,540
Total	34,609,449	37,073,917

(27) Net Commission income

Details of this account are as follows:

	2021	2020
	JD	JD
Direct credit facilities commissions	1,617,969	1,565,036
Indirect credit facilities commissions	2,611,962	2,721,773
Total	4,229,931	4,286,809

(28) Foreign Exchange Income

Details of this account are as follows:

	2021	2020
	JD	JD
Resulted from trading/transactions	2,226	528,069
Resulted from valuation	489,747	397,236
Margin trading accounts	22,432	22,426
Total	514,405	947,731

(29) Gain (Loss) from Financial Assets at Fair Value through Statement of Income

Details of this account are as follows:

	Realized (Losses)	Unrealized Gains	Dividends	Total
2021-	JD	JD	JD	JD
Companies' quoted shares in active markets	(53,641)	327,928	6,750	281,037

	Realized Gains	Unrealized (Losses)	Dividends	Total
2020-	JD	JD	JD	JD
Companies' quoted shares in active markets	-	(230,459)	-	(230,459)

(30) Other Income

Details of this account are as follows:

	2021	2020
	JD	JD
Safe boxes rent	66,329	63,814
Transfers income	506,540	418,644
Cheques income	360,727	177,013
Telecommunication income	21,038	26,892
Recovery of debts previously written-off *	1,235,998	788,899
Gain from seized properties	258,853	260,096
Gain from selling property and equipment	1,280	103,698
Returns on seized properties	16,360	6,754
Income from account services	691,886	737,809
Income from reversal of miscellaneous provisions	-	1,000,023
Insurance income	19,097	18,399
Others	216,859	388,258
Total	3,394,967	3,990,299

*This item represents amounts recovered from written - off debts and suspended interest taken during the previous years off-the statement of financial position but recovered during the year ended 31 December 2021 and 2020

(31) Employees Expenses

Details of this account are as follows:

	2021	2020
	JD	JD
Salaries, allowances and employees' benefits	11,692,891	10,874,786
Bank's contribution in social security	1,339,354	1,369,611
Bank's contribution in saving fund	10,019	9,928
Medical expenses	468,898	401,623
Staff training expenses	91,598	42,475
Per diems	79,545	67,611
Employees' life insurance expenses	43,306	34,502
Uniforms	27,337	2,152
Total	13,752,948	12,802,688

(32) Provision for Expected Credit Loss, net

Details of this account are as follows:

	2021				2020
	Stage (1)	Stage (2)	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Balances and deposits at banks and financial intuitions	(540,368)	-	-	(540,368)	464,561
Direct credit facilities	(6,302)	514,556	4,675,813	5,184,067	10,774,968
Debt instruments within a portfolio of financial assets at amortized cost	5,343	-	213	5,556	126,483
Financial guarantees	18,624	(24,703)	61,984	55,905	(2,314,322)
Unutilized ceilings	(25,265)	(64,122)	(9,387)	(98,774)	(253,363)
Letters of credit and acceptances	(12,358)	(9,940)	-	(22,298)	(688,582)
Purchased credits and withdrawals	13,804	-	-	13,804	(62,014)
Total	(546,522)	415,791	4,728,623	4,597,892	8,047,731

(33) Other Expense

Details of this account are as follows:

	2021	2020
	JD	JD
Rent	136,116	148,423
Stationery and publications	458,917	378,328
Water, electricity and telecommunication expenses	880,512	975,448
Legal and lawyer fees	735,283	811,346
Maintenance, repair and car expenses	688,490	600,523
Insurance expenses	607,120	618,700
Programs and computers maintenance	1,699,553	1,330,087
Board of Directors' transportation and attendance of meeting fees	393,200	434,897
Fees, licenses and taxes	521,555	394,027
Advertisements	732,000	618,031
Subscriptions	894,428	677,097
Professional and consultancy fees	509,167	313,899
Collection incentives	15,820	5,436
Donations and social responsibility	323,064	750,865
Cleaning and security services	536,042	557,438
Hospitality	29,519	58,475
Board of Directors' remunerations	55,000	55,000
Visa Credit Cards - net	58,107	329,333
Money shipping expenses	130,758	62,362
Others	271,894	206,788
Total	9,676,545	9,326,503

(34) Earnings Per Share for the Bank's Shareholders

The details of this account are as follows:

Income for the year attributable to the Banks' shareholders - continued operations	2021	2020
Profit for the year (JD)	7,004,775	4,704,179
Weighted average number of shares (share)	120,000,000	120,000,000
Earnings per share for the Banks' shareholders – basic and diluted (JD/Fils)	0/058	0/039

Income for the year attributable to the Banks' shareholders - discontinued operations	2021	2020
Loss for the year (JD)	-	(4,190,676)
Weighted average number of shares (share)	120,000,000	120,000,000
Earnings per share for the Banks' shareholders – basic and diluted (JD/Fils)	-	(0/035)

Income for the year attributable to the Banks' shareholders	2021	2020
Profit for the year (JD)	7,004,775	513,503
Weighted average number of shares (share)	120,000,000	120,000,000
Earnings per share for the Banks' shareholders – basic and diluted (JD/Fils)	0/058	0/004

(35) Cash and Cash Equivalents

The details of this account are as follows:

	31 December 2021	31 December 2020
	JD	JD
Balances at central banks due within three months	90,710,577	96,851,544
Add: Balances at banks and financial institutions due within three months	24,109,001	49,861,506
Less: Banks' and financial institutions' deposits due within three months	(39,313,020)	(27,670,901)
Total	75,506,558	119,042,149

(36) Transactions with Related Parties

The Bank entered into transactions with the members of the Board of Directors and related parties and companies represented by the members of the Board of Directors and executive management within the normal banking practice and according to the normal interest rates and trading commissions. All of the credit facilities granted to related parties are considered as performing facilities.

Financial statements include transactions and balances with related parties as follows:

	BOD Members	Companies Represented by the BOD	Executive Managers	Others	Total 31 December 2021	Total 31 December 2020
	JD	JD	JD	JD	JD	JD
On- Statement of Financial Position Items:						
Deposits	20,113,749	2,621,870	219,630	34,504,219	57,459,468	80,680,382
Direct credit facilities	437,514	19,266,769	1,236,812	4,514,536	25,455,631	24,336,286
Deposit With Other	-	-	-	30,000,000	30,000,000	30,000,000
Cash margins	-	720,454	-	-	720,454	52,635
Off- Statement of Financial Position Items:						
Letters of guarantee	-	1,325,100	-	354,500	1,679,600	1,227,858
Letters of credit	-	426,818	-	-	426,818	-

					Total 2021	Total 2020
Income statement items:					JD	JD
Interest and commission income *	29,264	1,155,136	86,369	481,681	1,752,450	1,074,280
Interest and commission expense **	1,216,289	40,192	2,193	1,020,558	2,279,232	2,243,320

*Credit interest rate ranges from 0% to 21%.
**Debit interest rate ranges from 0% to 4.5%.

Executive management remunerations and salaries

Executive management and Board of Directors' transportation reimbursement, meetings attendance, salaries and remunerations for the bank amounted to JD 2,151,296 for the year 2021 (JD 2,240,248 for the year 2020)

(37) Fair Value of Financial Assets and Financial Liabilities not Shown at Fair Value in the Financial Statements

There are no significant differences between the carrying value and fair value of financial assets and financial liabilities at the end of the year 2021 and 2020.

(38) Risk Management

The Bank's risk management conducts its activities (identification, measurement, management, monitoring and controlling) through applying the best international practices in connection with risk management, administrative organization, and risk management's tools in accordance with the size of the Bank, its activities and types of risk it is exposed to.

The organizational structure of the Bank is integrated by risk management control according to each level. Moreover, the corporate Governance Committee, at the Board of Directors' level, decides on the Bank's risk policy and strategy, and ensures the management of risk. This is to ensure setting up and controlling the policies and instructions at an appropriate level for the types of risks the Bank is exposed to until the achievement of the acceptance return for the shareholders without Impacting the Bank's financial strength. In this context, the work of the Risk Management Department is complemented by the work of the committees of executive management such as the Assets and Liabilities Committee and the Credit Facilities' Committee.

(38/a) Credit Risk

The Bank's operations involve the Bank's exposure to many risks such as credit risk relating to the default or inability of the other party to the financial instrument to settle its obligations towards the bank, which causes losses. An important duty of the Bank and its management is to ensure that these risks do not go beyond the general framework predetermined in the Bank's credit policy and maintain their levels within a balances relationship among risk, return and liquidity.

Credit management at the Bank is conducted by several committees from higher management and executive management. Moreover, credit facilities ceiling that can be granted to one client (individual or corporate) or related parties are specified in compliance with the ratios approved by the Central Bank of Jordan, while relying on the credit facilities distribution method to each credit manager and sector. This is performed by taking into consideration the geographic area in a manner that achieves confluence among risks, returns and the optimal utilization of the available resources and the enhancement of the Bank's ability to diversify lending and allocate it to customers and economic sectors.

The Bank monitors credit risk by periodically evaluating the credit standing of the customers in accordance with the customer's credit valuation system based on credit risk elements and probabilities of non-payment for financial, managerial, or competition reasons. In addition, the Bank obtains proper guarantees from customers for the cases requiring that according to each customer's risk level and extension of additional facilities.

Moreover, the Bank monitors credit risk and is continuously evaluating the credit standing of customers, in addition to obtaining proper guarantees from them.

The Bank's credit risk management policy includes the following:

1. Specifying credit ceilings and concentrations:

   The credit policy includes specific and clear ratios for the maximum credit that can be granted to a customer. Moreover, there are different credit ceiling for each administrative level.

2. Determining the risk mitigation methods:

   The Bank's risk management activity depends on several methods to mitigate risk as follows:

   - Collaterals and their convertibility to cash and coverage of the credit granted.
   - Pre-approval of the credit facilities committee on the credit granted.
   - Credit approval authority varies from one management level to another based on the customer's portfolio size, maturity, and customer's risk degree.

3. Mitigating the assets and liabilities' risk concentration:

   The Bank works effectively to manage this risk as its annual plan includes the well-studied distribution of credit focusing on the most promising sectors. In addition, credit is distributed to several geographic areas inside and outside of the Kingdom.

4. Studying, monitoring, and following up on credit:

   The Bank developed the necessary policies and procedures to determine the study method of credit, maintaining the objectivity and integrity of decision making, ensuring that credit risk is accurately evaluated, properly approved, and continuously monitored.

   The general framework of the credit policy includes setting up credit approval authorities and clarifying credit limits and the method of determining the risk degree.

   The Bank's organizational structure involves segregating the work units responsible for granting credit from the work units responsible for monitoring credit as regards to the credit terms, sounded of the credit decision, implementation for all credit extension terms, adherence to the credit ceiling and determinants in the credit's policy, and other related matters.

   Moreover, there are specific procedures for following up on performing credit facilities to keep them performing and non-performing credit facilities to treat them.

   The Bank mitigates the assets and liabilities concentration risk through distributing its activities to various sectors and geographic areas inside and outside the Kingdom. Moreover, the Bank adopts a specific policy that shows the credit ceilings granted to banks and countries with high credit ratings and reviews them continuously though the assets and liabilities committee, to distribute the risk and utilize the credit evaluation. The investment policy specifies the Investment allocation ratios and their determinants in order to distribute them in a way that achieves a high return and lowers the risk.

Exposure to credit risk (net of ECL provision, interest in suspense, collaterals and other risk mitigations)

	31 December 2021	31 December 2020
	JD	JD
On- Statement of Financial Position		
Balances at Central Banks	65,876,967	72,869,348
Balances at banks and financial institutions	54,106,136	79,318,273
Credit Facilities:		
Individual	196,372,240	186,629,308
Real-estate loans	115,314,220	113,845,966
Companies		
Large corporates	365,877,328	312,611,417
Small and medium companies	52,690,554	52,855,756
Government & public sector	43,649,457	47,958,578
Bonds and Treasury Bills:		
Financial assets measured at amortized cost	362,409,154	282,206,186
Other assets	2,310,629	15,029,810
Total	1,258,606,685	1,163,324,642
Off- Statement of Financial Position Items		
Letters of guarantee	113,471,863	115,458,717
Letters of credit and acceptances	24,173,457	26,150,417
Un-utilized facilities	107,025,397	114,268,946
Total	244,670,717	255,878,080

Distribution of fair value of collaterals obtained against total credit exposures in stage (1) & (2) as of 31 December 2021

		Collaterals' Fair Value								
Items	Total Exposure Value	Cash Margins	Traded Shares	Acceptable LGs	Real Estates	Cars and Mechanics	Others	Total Collateral Value	Net exposure after collateral	Expected Credit Loss (ECL)
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Credit exposure related to on- statement of financial position										
Balances at central banks	65,876,967	-	-	-	-	-	-	-	65,876,967	-
Balances at Banks and Financial Institution	54,109,001	-	-	-	-	-	-	-	54,109,001	2,865
Credit Facilities:										
Individuals	194,719,576	5,201,418	1,362,910	-	25,425,834	20,161,379	2,215	52,153,756	142,565,820	1,840,659
Real Estate Loans	109,852,206	1,018,945	540,932	-	178,339,496	818,972	318,746	181,037,091	(71,184,885)	239,235
Corporate	360,025,641	5,788,549	38,183,099	-	145,290,679	1,784,387	2,025,809	193,072,523	166,953,118	2,842,457
SMEs	51,308,027	6,802,953	34,737	-	58,041,044	702,779	15,369,927	80,951,440	(29,643,413)	94,455
Government and Public Sectors	43,717,660	-	-	-	-	-	26,250,000	26,250,000	17,467,660	68,274
Financial Assets at Amortized Cost	361,448,255	-	-	-	-	-	358,612,255	358,612,255	2,836,000	53,906
Other Assets	2,507,988	-	-	-	-	-	-	-	2,507,988	197,359
Total exposure related to on-statement of financial position items	1,243,565,321	18,811,865	40,121,678	-	407,097,053	23,467,517	402,578,952	892,077,065	351,488,256	5,339,210
Letters of guarantee	109,027,119	13,068,305	332,243	-	14,036,071	128,888	-	27,565,507	81,461,612	316,330
Letters of credit	24,183,712	1,864,014	28,862	-	-	-	-	1,892,876	22,290,836	10,255
Other liabilities	107,314,037	538,239	1,893,768	-	5,719,170	280,273	-	8,431,450	98,882,587	314,651
Total exposure related to off-statement of financial position	240,524,868	15,470,558	2,254,873	-	19,755,241	409,161	-	37,889,833	202,635,035	641,236
Grand total	1,484,090,189	34,282,423	42,376,551	-	426,852,294	23,876,678	402,578,952	929,966,898	554,123,291	5,980,446

Fair value of collaterals obtained against total credit exposures stage (3) as of 31 December 2021:

Items	Total Exposure Value	Collaterals' Fair Value							Net exposure after collateral	Expected Credit Loss (ELC)
		Cash Margins	Traded Shares	Acceptable LGs	Real Estates	Cars and Mechanics	Others	Total Collateral Value		
Credit exposure related to on-statement of financial position	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at Central Banks	-	-	-	-	-	-	-	-	-	-
Balances at Banks and Financial Institution	-	-	-	-	-	-	-	-	-	-
Credit Facilities:										
Individuals	17,063,666	4,717	-	-	2,487,746	3,024,615	-	5,517,078	11,546,588	10,823,557
Real Estate Loans	10,186,167	-	-	-	9,173,653	17,669	-	9,191,322	994,845	3,038,499
Corporate	65,375,364	-	37,789	-	10,680,447	1,054,222	-	11,772,458	53,602,906	40,088,441
SMEs	9,304,239	181,797	-	-	4,397,981	167,288	206,994	4,954,060	4,350,179	4,757,486
Government and Public Sectors	149	-	-	-	-	-	-	-	149	78
Financial Assets at Amortized Cost	1,905,348	-	-	-	-	-	-	-	1,905,348	585,195
Other Assets	-	-	-	-	-	-	-	-	-	-
Total exposure related to on-statement of financial position items	103,834,933	186,514	37,789	-	26,739,827	4,263,794	206,994	31,434,918	72,400,015	59,293,256
Letters of guarantee	5,438,980	647,955	-	-	1,400,000	2,982	137	2,051,074	3,387,906	677,906
Letters of credit	-	-	-	-	-	-	-	-	-	-
Other liabilities	28,666	-	-	-	41,599	8,150	-	49,749	(21,083)	2,655
Total exposure related to off-statement of financial position items	5,467,646	647,955	-	-	1,441,599	11,132	137	2,100,823	3,366,823	680,561
Grand total	109,302,579	834,469	37,789	-	28,181,426	4,274,926	207,131	33,535,741	75,766,838	59,973,817

Below is the distribution of the fair value of the collaterals obtained against direct credit facilities:

			Companies			
	Individual	Real Estate Loans	Large Corporates	Small and Medium Companies	Government and Public Sector	Total
	JD	JD	JD	JD	JD	JD
As of 31 December 2021						
Collaterals against:	3,808,002	113,416	2,173,473	1,546,252	26,250,000	33,891,143
Low Risk	22,697,536	90,938,489	112,337,910	34,541,694	-	260,515,629
acceptable risk	1,332,658	1,728,087	10,346,862	1,501,400	-	14,909,007
Watch list						
Non- performing:						
Substandard grade	356,336	3,592,284	-	15,960	-	3,964,580
Doubtful	249,598	1,027,048	817,080	237,932	-	2,331,658
Loss	984,175	1,923,680	4,242,024	1,247,643	-	8,397,522
Total	29,428,305	99,323,004	129,917,349	39,090,881	26,250,000	324,009,539
Accepted bank guarantees	5,110,483	1,119,136	5,809,220	6,992,250	-	19,031,089
Real estate	11,785,361	97,089,290	90,568,589	30,939,672	-	230,382,912
Listed shares	1,098,410	401,586	32,064,844	179,960	-	33,744,800
Vehicles and equipment	11,434,051	712,992	1,474,696	978,999	-	14,600,738
Others	-	-	-	-	26,250,000	26,250,000
Total	29,428,305	99,323,004	129,917,349	39,090,881	26,250,000	324,009,539

			Companies			
	Individual	Real Estate Loans	Large Corporates	Small and Medium Companies	Government and Public Sector	Total
	JD	JD	JD	JD	JD	JD
As of 31 December 2020						
Collaterals against:						
Low Risk	3,186,929	119,446	427	1,396,076	30,000,000	34,702,878
acceptable risk	30,618,374	91,121,417	100,314,580	29,315,935	-	251,370,306
Watch list	3,576,013	1,493,486	7,919,114	2,983,566	-	15,972,179
Non- performing:						
Substandard grade	774,790	168,977	239,840	8,024	-	1,191,631
Doubtful	351,722	153,244	503,842	-	-	1,008,808
Loss	1,331,418	2,571,313	9,260,496	4,424,346	-	17,587,573
Total	39,839,246	95,627,883	118,238,299	38,127,947	30,000,000	321,833,375
Accepted bank guarantees	4,358,801	1,448,622	4,541,795	6,886,064	-	17,235,282
Real estate	21,736,262	93,781,520	85,259,714	29,759,133	-	230,536,629
Listed shares	1,084,710	248,647	27,027,398	382,940	-	28,743,695
Vehicles and equipment	12,659,473	149,094	1,409,392	1,099,810	-	15,317,769
Others	-	-	-	-	30,000,000	30,000,000
Total	39,839,246	95,627,883	118,238,299	38,127,947	30,000,000	321,833,375

The disclosures below is prepared in two phases (The first phase of the total credit exposure and the second of the expected credit loss) as of 31 December 2021.

A. Total credit exposures re-classified

Item	Stage 2 Total Exposure Value	Stage 2 Reclassified Exposures	Stage 3 Total Exposure Value	Stage 3 Reclassified Exposures	Total Reclassified Exposure	Percentage of Reclassified Exposure
	JD	JD	JD	JD	JD	%
Balances at central bank	-	-	-	-	-	-
Balances at banks and financial institution	-	-	-	-	-	-
Direct Credit facilities	126,687,225	76,599,339	101,929,585	21,841,654	98,440,993	11.43
Financial assets at amortized cost	-	-	1,905,348	-	-	-
Other assets	-	-	-	-	-	-
Statement of financial position exposure	126,687,225	76,599,339	103,834,933	21,841,654	98,440,993	
Letters of guarantee	17,964,523	3,795,416	5,438,980	424,139	4,219,555	3.69
Letters of credit	3,631,461	-	-	-	-	-
Other liabilities	9,342,978	2,634,985	28,666	19,267	2,654,252	2.47
Grand total	157,626,187	83,029,740	109,302,579	22,285,060	105,314,800	

B. Expected credit losses of reclassified exposures:

	Reclassified Exposures			ECL on Reclassified Exposures				
	Total Exposures reclassified from Stage (2)	Total Exposures reclassified from Stage (3)	Total Reclassified Exposure	Stage (2) (Individual)	Stage (2) (collective)	Stage (3) (Individual)	Stage (3) (collective)	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balances at Central Bank	-	-	-	-	-	-	-	-
Balances at banks and financial institution	-	-	-	-	-	-	-	-
Credit facilities	76,599,339	21,841,654	98,440,993	459,243	-	3,073,504	-	3,532,747
Financial assets at amortized cost	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Total balance sheet exposure	76,599,339	21,841,654	98,440,993	459,243	-	3,073,504	-	3,532,747
Letters of guarantee	3,795,416	424,139	4,219,555	8,601	-	160	-	8,761
Letters of credit	-	-	-	-	-	-	-	-
Other liabilities	2,634,985	19,267	2,654,252	16,398	-	62	-	16,460
Grand total	83,029,740	22,285,060	105,314,800	484,242	-	3,073,726	-	3,557,968

Collaterals against credit facilities are as the followings:

- Real estate mortgages
- Financial assets such as equity shares
- Banks guarantees
- Cash margins
- Government guarantees

The Bank's Management monitors the collaterals market value periodically in case the value drops the book requests additional collaterals in order to cover the deficit. Moreover, the Bank regularly revaluates collaterals held against nonperforming facilities.

Rescheduled loans

These represent loans classified previously as non-performing credit facilities but taken out therefrom according to proper scheduling and classified as watch list loans they amounted to JD 3,715,374 as of 31 December 2021 (as of 31 December 2020: JD 7,431,757).

Restructured loans

Restructuring means to rearrange facilities instalments or by increasing their duration postpone some instalments or increase the grace period…etc. it amounted to JD 25,241,379 as of 31 December 2021 (as of 31 December 2020: JD 57,520,448).

Bills bonds and debentures

The table below shows the classification of bills bonds and debentures according to external rating agencies:

As of 31 December, 2021

Rating Grade	Rating Institution	Within financial assets measured at amortized cost	Total
		JD	JD
Unclassified	-	4,741,348	4,741,348
Governmental	Governmental and government bonds	358,612,255	358,612,255
Total		363,353,603	363,353,603

As of 31 December, 2020

Rating Grade	Rating Institution	Within financial assets measured at amortized cost	Total
		JD	JD
Unclassified	-	4,573,055	4,573,055
Governmental	Governmental and government bonds	278,403,731	278,403,731
Total		282,976,786	282,976,786

(38/b) Market risks:

Market risk is the risks resulted that are on-and off statement of financial position from changes in market prices, including interest rate risks , equity instruments prices, foreign currency exchange rates, and bank's services prices.

Within the bank's investment policy approved by the Board of Directors, monitoring of market risks which consists of the below:

- Monitor money market instruments.
- Monitor the investment on capital market.
- Monitor the equity instruments (shares and investments funds).
- Monitor the foreign currencies centres .
- Liquidity.
- Interest rate sensitivity.
- Shares prices sensitivity analysis.

Interest rate risks

Interest rate risk is defined as risks that may result from lower and/or higher interest rate fluctuations that affect all assets and liabilities that (charge/pay) interest.

The Bank's interest risk management is based on achieving the principle of harmonizing assets and liabilities with interest rate-sensitive, matching the maturities of them, and maintaining the appropriate interest margin rate between the money expenditures and money issuance to achieve the best return.

Sensitivity analysis

Interest rate risks:

31 December 2021

Currency	Change (increase) in interest rate	Sensitivity of interest revenue (profit and loss)	Sensitivity of shareholders' equity
	%	JD	JD
US Dollar	1	26,304	-
Euro	1	(660)	-
Sterling Pounds	1	186	-
Others	1	(28)	-

Currency	Change (increase) in interest rate	Sensitivity of interest revenue (profit and loss)	Sensitivity of shareholders' equity
	%	JD	JD
US Dollar	1	(26,304)	-
Euro	1	660	-
Sterling Pounds	1	(186)	-
Others	1	28	-

31 December 2020

Currency	Change (increase) in interest rate	Sensitivity of interest revenue (profit and loss)	Sensitivity of shareholders' equity
	%	JD	JD
US Dollar	1	82,075	-
Euro	1	1,400	-
Sterling Pounds	1	(209)	-
Others	1	4,568	-

Currency	Change (increase) in interest rate	Sensitivity of interest revenue (profit and loss)	Sensitivity of shareholders' equity
	%	JD	JD
US Dollar	1	(82,075)	-
Euro	1	(1,400)	-
Sterling Pounds	1	209	-
Others	1	(4,568)	-

Currency risk:

The risks arising from the change in the exchange rate of one currency against another, as a result of deviation from the expected movements in foreign exchange currencies markets.

31 December 2021

Currency	Change in currency exchange rate	Effect on profits and losses	Sensitivity of shareholders' equity
	%	JD	JD
US Dollar	5	131,520	-
Euro	5	(3,299)	-
Sterling Pounds	5	928	-
Other currencies	5	(141)	-

31 December 2020

Currency	Change in currency exchange rate	Effect on profits and losses	Sensitivity of shareholders' equity
	%	JD	JD
US Dollar	5	410,375	-
Euro	5	6,998	-
Sterling Pounds	5	(1,043)	-
Other currencies	5	22,838	-

Within its approved investment policy, the Bank's Board of Directors sets up limits for the positions of all currencies at the Bank. These positions are monitored daily through the Treasury and Investment Department. The Bank also follows a hedging policy to reduce foreign exchange risk using derivatives.

Risks of Changes in Shares Prices:

This represents the risk resulting from the decline in the fair value of the investment portfolio of the shares due to the changes in the value of the shares' indicators and the change in the value of shares individually.

31 December 2021

Indicator	Change in equity prices	Effect on profit and losses	Effect on shareholders
	%	JD	JD
Amman Stock Exchange and Palestine Securities Exchange	5	88,911	1,331,105
Amman Stock Exchange and Palestine Securities Exchange	(5)	(88,911)	(1,331,105)

31 December 2020

Indicator	Change in equity prices	Effect on profit and losses	Effect on shareholders
	%	JD	JD
Amman Stock Exchange and Palestine Securities Exchange	5	82,296	1,197,744
Amman Stock Exchange and Palestine Securities Exchange	(5)	(82,296)	(1,197,744)

- Shares prices risks

The Board of Directors adopts a specific policy in diversifying investments of the shares based on geographic and sectional distribution at predetermined percentages that are monitored daily. According to this policy, it is recommended to invest in listed shares of well-reputed international markets that have a high liquidity rate to face any risks that might arise therefrom.

- Interest repricing gap

The Banks follows a policy to match the amounts of assets and liabilities and align the maturities and to decrease the gap through dividing the assets and liabilities to various periodic maturities or review the interest rates in order to decent the interest rates risk and study the gaps in the related interest rate or by using advanced hedging tools.

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

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

Interest rate sensitivity

	Less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From1 to 3 years	Over 3 years	Non - interest bearing Items	Total
31 December 2021	JD	JD	JD	JD	JD	JD	JD	JD
Assets								
Cash and balances at central banks	-	-	-	-	-	-	90,710,577	90,710,577
Balances at banks and financial institutions	16,337,592	-	-	-	30,000,000	-	7,768,544	54,106,136
Direct credit facilities, net	71,232,608	65,599,324	78,057,783	100,687,541	258,704,457	199,622,086	-	773,903,799
Financial assets at fair value through the income statement	-	-	-	-	-	-	1,778,210	1,778,210
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	31,942,672	31,942,672
Financial assets at amortized costs	18,458,863	3,545,000	102,147,370	5,813,745	56,829,217	175,614,959	-	362,409,154
Property and equipment, net	-	-	-	-	-	-	21,857,844	21,857,844
Intangible assets, net	-	-	-	-	-	-	2,266,649	2,266,649
Deferred tax assets	-	-	-	-	-	-	10,322,457	10,322,457
Right of use asset	-	-	-	-	-	-	5,429,733	5,429,733
Other assets	2,310,629	-	-	-	-	-	87,879,648	90,190,277
Total assets	108,339,692	69,144,324	180,205,153	106,501,286	345,533,674	375,237,045	259,956,334	1,444,917,508
Liabilities								
Banks and financial institution deposits	34,032,000	2,000,000	-	-	72,000,000	-	3,281,020	111,313,020
Customers' deposits	273,968,166	141,376,534	158,765,442	205,745,987	77,737,165	140,048	111,655,552	969,388,894
Cash margins	29,994,806	4,500,084	-	5,442,237	750,000	142,000	-	40,829,127
Borrowed funds	39,175,560	59,793	39,696,806	5,584,032	32,965,217	23,002,329	-	140,483,737
Income tax Provision	-	-	-	-	-	-	3,126,294	3,126,294
Deferred tax liabilities	-	-	-	-	-	-	124,612	124,612
Various provisions	-	-	-	-	-	-	883,049	883,049
Lease liabilities	-	-	-	969,114	2,272,868	2,119,131	-	5,361,113
Other liabilities	-	-	-	-	-	-	26,235,937	26,235,937
Total Liabilities	377,170,532	147,936,411	198,462,248	217,741,370	185,725,250	25,403,508	145,306,464	1,297,745,783
Interest rate sensitivity gap	(268,830,840)	(78,792,087)	(18,257,095)	(111,240,084)	159,808,424	349,833,537	114,649,870	147,171,725
31 December 2020								
Total Assets	118,148,020	65,270,740	103,912,337	96,566,705	330,231,857	391,677,869	246,214,037	1,352,021,565
Total Liabilities	349,030,077	219,546,850	172,486,232	229,229,753	160,809,354	57,473,230	23,979,282	1,212,554,778
Interest rate sensitivity gap	(230,882,057)	(154,276,110)	(68,573,895)	(132,663,048)	169,422,503	334,204,639	222,234,755	139,466,787

Foreign Currency risk concentration:

	USD	Euro	Sterling Pounds	Others	Total
31 December 2021	JD	JD	JD	JD	JD
Assets					
Cash and balances at central banks	19,983,056	7,640,651	324,222	365,357	28,313,286
Balances at banks and financial institutions	19,317,522	1,454,266	1,278,722	2,028,820	24,079,330
Direct credit facilities, net	64,983,673	9,642,000	-	-	74,625,673
Financial assets at fair value through other comprehensive income	21,133,104	55,008	-	-	21,188,112
Financial assets measured at amortized cost	57,777,920	-	-	-	57,777,920
Other assets	3,196,087	29,596	3	67,102	3,292,788
Total Assets	186,391,362	18,821,521	1,602,947	2,461,279	209,277,109
Liabilities					
Banks and financial institutions deposits	35,371,272	1,423,391	8,910	68,284	36,871,857
Customers' deposits	141,479,151	16,531,059	1,212,515	2,126,165	161,348,890
Cash margins	6,083,817	511,116	186,223	250,825	7,031,981
Other Liabilities	855,553	411,936	176,726	18,828	1,463,043
Owners' equity	(28,832)	9,996	-	-	(18,836)
Total Liabilities	183,760,961	18,887,498	1,584,374	2,464,102	206,696,935
Net concentration on – statement of financial position	2,630,401	(65,977)	18,573	(2,823)	2,580,174
Contingent liabilities off - statement of financial position	36,336,265	3,985,007	-	186,777	40,508,049
31 December 2020					
Total Assets	161,673,136	21,742,782	426,745	2,555,686	186,398,349
Total Liabilities	153,465,633	21,602,828	447,606	2,098,928	177,614,995
Net concentration on – statement of financial position	8,207,503	139,954	(20,861)	456,758	8,783,354
Contingent liabilities off - statement of financial position	32,364,785	880,417	-	1,081,627	34,326,829

c. Liquidity risk

The risk of the Bank's inability to finance the increase in assets or to meet its obligations upon maturity without incurring unacceptable losses, which may occur due to the Bank's inability to liquidate and liquefy assets or obtain financing to meet liquidity needs.

The Bank’s liquidity management policy aims to the following:
- Enhance the pourability of liquidity at the lowest costs possible. Through managing liquidity,
- The Bank seeks to maintain reliable and stable funding sources at a reasonable cost rate.

The Bank follows certain methods to measure liquidity risks that are in line with the instructions and regulations issued by the Central Bank and the Basel Committee through different financial ratios, legal liquidity ratio and liquidity coverage ratio in addition to maturities of assets and liabilities through the preparation of the maturity ladder and the preparation of stressful conditions tests.

Fund sources:
The Bank diversifies its funding sources to achieve financial flexibility and to lower funding costs.

The existence of the Bank in most of the cities of the Hashemite Kingdom of Jordan enables the Bank to diversify its funding sources and not to rely on one geographic area as a source of funding.

The table below summarizes the distribution of liabilities (un-discounted) based on the remainder of the contractual maturity as of 31 December 2021:

31 December 2021	Less than 1 Month	1 to 3 Months	From 3 to 6 Months	From 6 Months to 1 year	From 1 To 3 Years	Over 3 Years	Without Maturity	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Banks' and financial institution's deposits	37,313,020	2,000,000	-	-	72,000,000	-	-	111,313,020
Customers' deposits	314,665,808	159,314,547	173,292,445	216,861,979	105,114,067	140,048	-	969,388,894
Cash margins	2,041,457	4,082,913	6,124,369	8,165,825	20,414,563	-	-	40,829,127
Borrowed funds	39,175,561	59,793	39,696,806	5,584,032	32,965,217	23,002,328	-	140,483,737
Various provisions	-	-	615,000	268,049	-	-	-	883,049
Income Tax Provision	1,906,986	-	1,219,308	-	-	-	-	3,126,294
Deferred tax liabilities	124,612	-	-	-	-	-	-	124,612
Lease liabilities	32,543	361,836	288,027	441,726	3,372,403	864,578	-	5,361,113
Other liabilities	7,311,258	2,662,712	3,519,761	4,945,889	7,796,317	-	-	26,235,937
Total Liabilities	402,571,245	168,481,801	224,755,716	236,267,500	241,662,567	24,006,954	-	1,297,745,783
Total Assets (according to expected maturities)	108,558,774	69,780,772	183,327,357	109,847,200	352,923,334	375,237,045	245,243,026	1,444,917,508

31 December 2020	Less than 1 Month	1 to 3 Months	From 3 to 6 Months	From 6 Months to 1 year	From 1 To 3 Years	Over 3 Years	Without Maturity	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Banks' and financial institution's deposits	27,670,901	-	-	-	45,000,000	30,000,000	-	102,670,901
Customers' deposits	276,928,444	187,002,564	172,105,116	199,716,120	99,934,722	-	-	935,686,966
Cash margins	2,091,130	4,182,260	6,273,390	8,364,520	20,911,302	-	-	41,822,602
Borrowed funds	13,591,509	26,865,672	180,885	24,556,173	13,126,724	25,243,765	-	103,564,728
Various provisions	161,161	-	-	661,350	-	-	-	822,511
Income Tax Provision	174,758	-	-	-	-	-	-	174,758
Lease liabilities	31,906	220,869	212,716	598,247	3,191,214	575,347	-	4,830,299
Other liabilities	9,525,484	2,241,631	2,876,508	3,452,217	4,886,173	-	-	22,982,013
Total Liabilities	330,175,293	220,512,996	181,648,615	237,348,627	187,050,135	55,819,112	-	1,212,554,778
Total Assets (according to expected maturities)	118,153,220	65,843,265	106,633,752	99,761,825	337,883,127	391,677,870	232,068,506	1,352,021,565

In order to comply with the instructions of the regulatory authorities, the Bank maintains part of its customers' deposits at the central banks as a restricted cash reserve that cannot be utilized expect under specified regulations. In addition, the liquidity ratios are reserved at levels higher than the minimum imposed by the central banks in the countries in which the Bank operates.

The contractual maturity dated of the assets and liabilities in the schedule have been determined based on the remaining period from the date of the 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.

Off- statement of financial position items:

31 December, 2021	Up to 1 Year	from 1-5 Years	Total
	JD	JD	JD
Letters of guarantee	114,466,099	-	114,466,099
Letters of credit and acceptances	24,183,712	-	24,183,712
Lease liabilities	129,300	-	129,300
Un-utilized facilities	55,562,702	-	55,562,702
Total	194,341,813	-	194,341,813
31 December, 2020			
Letters of guarantee	116,397,048	-	116,397,048
Letters of credit and acceptances	26,182,970	-	26,182,970
Lease liabilities	151,084	-	151,084
Un-utilized facilities	64,066,189	-	64,066,189
Total	206,797,291	-	206,797,291

(39) Bank's Segment Information

a. Information on the key business segments

The Bank is organized for managerial purposes, into four major sectors, which are measured according to reports used by the General Manager and key decision makers at the Bank, through the following major sectors:

- Individual accounts: includes following up on individual customers deposits, and granting them credit facilities, credit cards and

- Corporate accounts: includes following up on deposits, credit facilities, and banking services related to corporations.

- Treasury: This segment includes providing dealing services and managing the Banks' funds.

- Others: This segment includes the activities which do not meet the definition of the Banks' above business segments.

The following table represents information on the Bank's sectors according to activities:

	Individuals	Corporate	Institutional Financing and Treasury	Others	Total For the year ended 31 December 31 December 2021	Total For the year ended 31 December 31 December 2020
	JD	JD	JD	JD	JD	JD
Gross income for the year	16,075,940	22,379,510	5,988,704	(32,800)	44,411,354	42,730,150
Less: Expected credit losses allowance	(2,637,195)	(2,389,035)	428,338	-	(4,597,892)	(8,047,731)
Segment results	13,438,745	19,990,475	6,417,042	(32,800)	39,813,462	34,682,419
Less: distributed segment expenses	(16,230,317)	(8,115,158)	(2,705,053)	(216,981)	(27,267,509)	(27,949,412)
Income before tax	(2,791,572)	11,875,317	3,711,989	(249,781)	12,545,953	6,733,007
Less: Income tax	-	-	-	(5,541,178)	(5,541,178)	(2,028,828)
Profit for the year from continued operations	(2,791,572)	11,875,317	3,711,989	(5,790,959)	7,004,775	4,704,179
Loss for the year from discontinued operations	-	-	-	-	-	(4,190,676)
Income for the year	(2,791,572)	11,875,317	3,711,989	(5,790,959)	7,004,775	513,503
Capital expenditures	-	-	-	2,831,300	2,831,300	2,170,815
Depreciation and amortization	-	-	-	3,621,035	3,621,035	3,621,716
Total Assets	294,797,581	518,839,554	514,591,288	116,689,085	1,444,917,508	1,352,021,565
Total Liabilities	694,413,127	389,878,733	196,942,892	16,511,031	1,297,745,783	1,212,554,778

b. Geographical distribution information

This sector represents the geographical distribution of the Banks operation. The Bank operates mainly in the Kingdom, which represents the local business. The Bank also carried out international activities through its branches in Palestine.

The following table shows the distribution of the Bank's income, assets, and capital expenditures by geographical area:

	Inside Jordan		Outside Jordan		Total	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	JD	JD	JD	JD	JD	JD
Gross income	44,312,962	42,902,787	98,392	(172,637)	44,411,354	42,730,150
Capital expenditures	2,831,300	2,170,815	-	-	2,831,300	2,170,815

	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	JD	JD	JD	JD	JD	JD
Bank's Assets	1,358,174,323	1,277,270,305	86,743,185	74,751,260	1,444,917,508	1,352,021,565

Credit Exposures Distribution

Internal Credit ratings	Category classification according to (47/2009)	Total exposure	ECL	PD	EAD	LGD
		JD	JD	%	JD	%
Operating loans						
1	Operating	5	-	-	5	17.6 – 0
2	Operating	7,500	-	-	3,750	17.6 – 0
3+	Operating	287,973	1	0,103 – 0	260,013	17.6 – 0
3	Operating	12,500	-	0,002 – 0	6,250	22 – 0
3-	Operating	65,028	227	0,085 – 0	37,918	23 – 0
4+	Operating	4,385,602	1,486	0,103 – 0	2,574,902	23 – 0
4	Operating	33,016,976	27,134	0,75 – 0	28,970,907	23 – 0
4-	Operating	61,695,170	69,031	0,158 – 0	54,307,547	23 – 0
5+	Operating	146,733,862	265,688	0,384 – 0	117,193,375	23 – 0
5	Operating	256,063,954	577,306	0,57 – 0	215,206,720	23 – 0
5-	Operating	91,262,197	789,450	0,327 – 0	84,374,880	23 – 0
6+	Operating	589,013,491	970,083	0,302 – 0	574,683,986	23 – 0
6	Operating	27,391,916	434,610	0,508 – 0	25,893,072	23 – 0
6-	Operating	11,688,094	596,993	0,718 – 0.014	11,239,062	23 – 0
7+	Operating	5,335,153	274,123	0,95 – 0.056	4,518,329	23 – 0
7	Operating	20,000	712	0,95 – 0.809	10,000	17.6 – 0
7-	Operating	33,857	5,739	0,777 – 0.77	33,857	22 – 0
10	Operating	15	-	0,863 – 0.016	8	22 – 0
Not rated	Operating	257,076,896	1,967,863	0,936 – 0	251,200,480	22 – 0
Total operating loans		1,484,090,189	5,980,446		1,370,515,061	
Non-operating loans						
1	Non-operating	89	18	100	83	-
3	Non-operating	653	626	100	626	100-40
4+	Non-operating	213,706	104,732	100	209,464	40
4	Non-operating	583,071	213,754	100	459,269	50-0
4-	Non-operating	46,059	11,697	100	35,221	100-0
5+	Non-operating	828,415	147,159	100	750,617	40-5
5	Non-operating	3,158,861	1,888,157	100	2,764,269	75-0
5-	Non-operating	111,997	45,805	100	88,168	23-7.89
6+	Non-operating	73,381,955	41,716,801	100	52,194,949	100-0
6	Non-operating	809,953	391,150	100	782,298	40
6-	Non-operating	2,926,454	948,093	100	2,582,417	97.02-11.44
7	Non-operating	3,222,998	2,105,395	100	3,125,995	33.52-0
8	Non-operating	6,519,098	1,509,154	100	6,398,912	55-0
9	Non-operating	1,985,571	1,460,548	100	1,880,783	55-0
10	Non-operating	13,340,157	9,118,281	100	9,515,484	100
Not rated	Non-operating	2,173,542	312,448	100	1,902,180	100
Total non-operating loans		109,302,579	59,973,818		82,690,735	

Credit risk exposures categorized by economical distribution:

	2021										
	Financial	Industrial	Trading	Real estate	Construction	Agricultural	Shares	Individual	Governmental and public sector	Other	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances with central banks	65,876,967	-	-	-	-	-	-	-	-	-	65,876,967
Balances at banks and financial institutions	54,106,136	-	-	-	-	-	-	-	-	-	54,106,136
Direct credit facilities	75,842,528	78,257,893	134,505,150	115,314,220	27,985,599	6,284,493	5,992,020	196,372,240	43,649,457	89,700,199	773,903,799
Financial assets at amortized cost	3,796,899	-	-	-	-	-	-	-	358,612,255	-	362,409,154
Other assets	-	-	2,310,629	-	-	-	-	-	-	-	2,310,629
Total current year	199,622,530	78,257,893	136,815,779	115,314,220	27,985,599	6,284,493	5,992,020	196,372,240	402,261,712	89,700,199	1,258,606,685
LGs	2,101,031	3,492,474	11,293,941	-	54,723,030	306,387	9,293,651	9,284,240	-	22,977,109	113,471,863
LCs	-	1,217,909	20,785,815	-	2,169,733	-	-	-	-	-	24,173,457
Other obligations	8,663,456	16,465,820	17,511,698	37,135,747	-	530,076	1,576,045	16,687,746	-	8,454,809	107,025,397
Total	210,387,017	99,434,096	186,407,233	152,449,967	84,878,362	7,120,956	16,861,716	222,344,226	402,261,712	121,132,117	1,503,277,402

Credit risk exposures categorized by economic sector and stages according to IFRS 9 as of 31 December 2021:

	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
Financial	207,903,644	1,403,701	1,079,672	210,387,017
Industrial	78,264,073	17,594,867	3,575,156	99,434,096
Trading	133,375,823	48,236,597	4,794,813	186,407,233
Real estates	130,506,182	16,210,598	5,733,187	152,449,967
Agricultural	50,645,418	32,918,271	1,314,673	84,878,362
Construction	1,929,819	4,990,368	200,769	7,120,956
Shares	16,832,479	29,237	-	16,861,716
Individual	205,887,568	11,331,556	5,125,102	222,344,226
Governmental and Public sector	402,261,634	7	71	402,261,712
Other	95,516,343	22,109,456	3,506,318	121,132,117
Total	1,323,122,983	154,824,658	25,329,761	1,503,277,402

Credit risk exposures categorized by geographical distribution:

	2021							
	Inside Jordan	Middle East	Europe	Asia	Africa	America	Others	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balances with central banks	65,876,967	-	-	-	-	-	-	65,876,967
Balances at banks and financial institutions	16,333,818	31,455,102	2,012,389	13,350	33,444	3,797,332	460,701	54,106,136
Direct credit facilities								
Individual	196,372,240	-	-	-	-	-	-	196,372,240
Real-estate loans	115,314,220	-	-	-	-	-	-	115,314,220
Corporates	340,502,008	-	25,375,320	-	-	-	-	365,877,328
Small and medium companies	52,690,554	-	-	-	-	-	-	52,690,554
Government & public sector	43,649,457	-	-	-	-	-	-	43,649,457
Financial assets at amortized cost	362,409,154	-	-	-	-	-	-	362,409,154
Other assets	2,310,629	-	-	-	-	-	-	2,310,629
Total current year	1,195,459,047	31,455,102	27,387,709	13,350	33,444	3,797,332	460,701	1,258,606,685
LGs	113,471,863	-	-	-	-	-	-	113,471,863
LCs	272,976	1,126,783	3,815,957	4,447,730	-	11,699	14,498,312	24,173,457
Other obligations	107,025,397	-	-	-	-	-	-	107,025,397
Total	1,416,229,283	32,581,885	31,203,666	4,461,080	33,444	3,809,031	14,959,013	1,503,277,402

d. Credit exposure categorized by geographical distribution and stages in accordance to IFRS 9 as of 31 December 2021:

	Stage 1 (Individuals)	Stage 2 (Individuals)	Stage 3	Total
Item	JD	JD	JD	JD
Inside Jordan	1,239,700,937	151,198,585	25,329,761	1,416,229,283
Middle east	32,460,235	121,650	-	32,581,885
Europe	31,203,666	-	-	31,203,666
Asia	4,461,080	-	-	4,461,080
Africa	33,444	-	-	33,444
America	3,809,031	-	-	3,809,031
Others	11,454,590	3,504,423	-	14,959,013
Total	1,323,122,983	154,824,658	25,329,761	1,503,277,402

(40) Capital Management

a. Description of Capital

Capital is categorized into various categories, such as paid-up capital, economic capital, and regulatory capital. Moreover, regulatory capital is defined, according to the Banks Law, as the total value of the items determined by the Central Bank for control purposes to meet the requirements of the capital adequacy ratio prescribed in the Central Bank of Jordan instructions.

- Furthermore, regulatory capital consists of two parts: (1) Primary Capital (Tier 1) made up of paid-up capital, declared reserves (including statutory reserve, voluntary reserve, share premium, and treasury share premium), and retained earnings after excluding restricted amounts and non-controlling interests net of loss for the period (if any), costs of the acquisition of treasury shares, deferred provisions approved by the Central Bank of Jordan, restructuring balance and goodwill Support capital; and
- (2), additional paid-in capital (Tier 2) which consists of foreign currencies translation differences, general banking risks reserve, instruments with debt-equity shared characteristics, support debts and 45% of the financial assets' valuation reserve, if positive, and is deducted in full, if negative.
- A third part of capital (Tier 3) might be formed in case the capital adequacy ratio goes below 12% due to factoring capital adequacy ratio into market risks.
- Investments in the capitals of banks, insurance and other financial institutions are deducted.

b. The requirements of the regulatory parties concerning capital and the manner in which they are met.

Instructions of the Central Bank of Jordan require that paid-up capital not to be less than JD 100 million and shareholders' equity-to-assets ratio not to be less than 6%. Moreover, the Central Bank instructions require that the ratio of regulatory capital to assets weighted by risks and market risks (capital adequacy ratio) be not less than 12% which the Bank considers meeting. Furthermore, the Bank increased its issued and paid-up capital during the year 2017 to become JD/share 120,000,000 as of 31 December 2017, whereby the capital increase procedures were completed on 7 June 2017.

The Bank complies with Article (62) of the Banks Law, which requires the Bank to appropriate 10% of its annual net profits in the Kingdom and continue to do so until the reserve equals the Bank's paid-up capital. This meets the requirements of the statutory reserve prescribed by the Companies Law.

The Bank complies with Article (41) of the Banks Law, which requires adherence to the limits set by the Central Bank of Jordan relating to:

1. The percentage of risks relating to its assets and assets weighted by risks, elements of capital, reserves, and contra accounts.
2. The ratio of total loans to permitted regulatory capital granted by the Bank to one person, its allies, or to related stakeholders.
3. Ratio of total loans granted to the major ten customers of the Bank to total loans extended by the Bank.

c. Method of Achieving Capital Management Goals.

The Bank considers the compatibility of the size of its capital with the size, nature, and complexity of the risk the Bank is exposed to in a manner that does not contradict the prevailing regulations and instructions. This is reflected in its strategic plans and annual budgets.

When entering investments, the impact on capital adequacy ratio is considered. Moreover, capital and its adequacy are monitored periodically as capital adequacy ratio is monitored at the Bank level and the individual Bank every quarter. Furthermore, capital adequacy is reviewed by internal audit, and capital ratios are monitored monthly. Such ratios are financial leverage, shareholders' equity to assets, shareholders' equity to customers' deposits, internal growth of capital, provisions, and free capital. This should achieve the appropriate financial leverage, and consequently, the targeted return on shareholders' equity not less than 10% as prescribed by the Bank's strategy.

No dividends are paid to shareholders out of the regulatory capital if such payment leads to non-adherence to the minimum capital requirement.

The Bank concentrates on the internal growth of capital and can resort to public subscriptions to meet expansionary needs and future plans, or the requirements of the regulatory bodies according to specified studies.

Capital Adequacy

Capital adequacy ratio is calculated according to the Central Bank of Jordan instructions based on Basel Committee resolutions III:

	31 December 2021	31 December 2020
	JD	JD
Core capital items:		
Subscribed and Paid-up capital	120,000,000	120,000,000
Retained earnings	10,936,612	5,534,153
Other comprehensive income items		
Fair value reserve - net	(973,100)	(2,020,984)
Statutory reserve	17,208,213	15,953,618
Total core capital before regulatory amendments	**147,171,725**	**139,466,787**
Less:		
Intangible assets - net	(2,266,649)	(2,093,653)
Deferred tax assets -net	(10,197,845)	(11,215,869)
Deferred provisions with the approval of the Central Bank	(5,082,011)	(7,403,107)
Investing in the capital of banks and financial companies outside the scope of consolidation, in which the bank owns more than 10%	(8,024,586)	(6,374,244)
Total regulatory amendments	**(25,571,091)**	**(27,086,873)**
Net core capital	**121,600,634**	**112,379,914**
Supplementary capital items:		
Provision required against credit facilities in stage 1	3,298,082	4,294,508
Total supplementary capital	**124,898,716**	**116,674,422**
Assets weighted by risks-continuous operations		
Credit risk	974,158,199	931,326,219
Market risk	6,205,394	12,096,061
Operation risk	80,068,879	76,958,413
Total assets weighted by risks	**1,060,432,472**	**1,020,380,693**
Ratio of regulatory capital	11,78%	11.43%
Core capital ratio	11,47%	11.01%

(41) Accounts managed by the bank on behalf of its customers

There is no investment portfolio managed by the Bank on behalf of its clients.

(42) Assets and liabilities maturity analysis:

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

31 December 2021	Up to One Year	More than One Year	Total
Assets:	JD	JD	JD
Cash and balances at central banks	90,710,577	-	90,710,577
Balances at banks and financial institutions	24,106,136	30,000,000	54,106,136
Direct credit facilities – net	315,577,256	458,326,543	773,903,799
Financial Assets fair valued through statement of income	1,778,210	-	1,778,210
Financial assets at fair value through other comprehensive income	1,746,621	30,196,051	31,942,672
Financial assets measured at amortized cost - net	129,964,978	232,444,176	362,409,154
Properties, equipment - net	-	21,857,844	21,857,844
Intangible assets - net	-	2,266,649	2,266,649
Right-of-use assets	-	5,429,733	5,429,733
Deferred tax assets	-	10,322,457	10,322,457
Other assets	82,800,617	7,389,660	90,190,277
Total Assets	646,684,395	798,233,113	1,444,917,508
Liabilities:			
Banks and financial institutions deposits	39,313,020	72,000,000	111,313,020
Customers deposits	864,134,779	105,254,115	969,388,894
Cash margins	20,414,564	20,414,563	40,829,127
Borrowed funds	84,516,191	55,967,546	140,483,737
Income Tax Provision	3,126,294	-	3,126,294
Various provisions	883,049	-	883,049
deferred tax liabilities	124,612	-	124,612
Lease liabilities	1,124,132	4,236,981	5,361,113
Other liabilities	18,439,620	7,796,317	26,235,937
Total Liabilities	1,032,076,261	265,669,522	1,297,745,783
Net Assets	(385,391,866)	532,563,591	147,171,725

31 December 2020	Up to One Year	More than One Year	Total
Assets:	JD	JD	JD
Cash and balances at central banks	96,851,544	-	96,851,544
Balances at banks and financial institutions	49,318,273	30,000,000	79,318,273
Direct credit facilities – net	269,084,458	444,816,567	713,901,025
Financial Assets fair valued through profit or loss	1,645,923	-	1,645,923
Financial assets at fair value through other comprehensive income	1,465,202	27,587,911	29,053,113
Financial assets measured at amortized cost	35,113,027	247,093,159	282,206,186
Properties, equipment - net	-	21,872,682	21,872,682
Intangible assets - net	-	2,093,653	2,093,653
Right-of-use assets	-	5,119,281	5,119,281
Other assets	101,092,746	7,651,270	108,744,016
Deferred tax assets	-	11,215,869	11,215,869
Total Assets	554,571,173	797,450,392	1,352,021,565
Liabilities:			
Banks and financial institutions deposits	27,670,901	75,000,000	102,670,901
Customers deposits	835,752,244	99,934,722	935,686,966
Cash margins	20,911,301	20,911,301	41,822,602
Borrowed funds	65,194,239	38,370,489	103,564,728
Income Tax Provision	174,758	-	174,758
Various provisions	822,511	-	822,511
lease liabilities	1,063,738	3,766,561	4,830,299
Other liabilities	22,982,013	-	22,982,013
Total Liabilities	974,571,705	237,983,073	1,212,554,778
Net Assets	(420,000,532)	559,467,319	139,466,787

(43) Fair Value Measurement

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

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

Financial assets / Financial liabilities	Fair value 31 December 2021	 31 December 2020	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs of fair value
	JD	JD				
Financial assets at fair value through the income statement						
Companies stocks – quoted	1,778,210	1,645,923	Level 1	Announced prices in financial markets	Not applicable	Not applicable
Total	1,778,210	1,645,923				
Financial assets at fair value through other comprehensive income						
Quoted shares	26,622,099	23,954,878	Level 1 & Level 2	Announced prices in financial markets	Not applicable	Not applicable
Unquoted shares	5,320,573	5,098,235	Level 2	Through comparison of fair value of similar financial instrument	Not applicable	Not applicable
	31,942,672	29,053,113				

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

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

Except for what is detailed in the following table, we believe that the carrying amounts of financial assets and financial liabilities recognized in the Bank's financial statement approximate their fair values, this is because the Bank's management believes that the book value of the items shown below is approximately equivalent their fair values, either because of their short-term maturity or that their interest rates are repriced during the year:

	31 December 2021		31 December 2020		
	Book value	Fair value	Book value	Fair value	Fair value Hierarchy
	JD	JD	JD	JD	
Financial assets with no specified fair value					
Deposits at central banks	65,876,967	65,876,967	72,869,348	72,873,458	Level 2
Balances and deposits at banks and financial institutions	54,106,136	54,425,709	79,318,273	79,365,495	Level 2
Loans and advances	773,903,799	781,736,617	713,901,025	722,054,750	Level 2
Financial assets at amortized cost	362,409,154	365,247,611	282,206,186	284,914,022	Level 2
Total financial assets with no specified fair value	**1,256,296,056**	**1,267,286,904**	**1,148,294,832**	**1,159,207,725**	
Financial liabilities with no specified fair value					
Banks and financial institutions deposits	111,313,020	113,417,946	102,670,901	103,761,922	Level 2
Customer deposits	969,388,894	971,479,718	935,686,966	938,504,257	Level 2
Cash margin	40,829,127	41,062,990	41,822,602	42,088,631	Level 2
Borrowed funds	140,483,737	141,004,320	103,564,728	104,208,748	Level 2
Total financial liabilities with no specified fair value	**1,262,014,778**	**1,266,964,974**	**1,183,745,197**	**1,188,563,558**	

For the items listed above, the fair value of the financial assets and liabilities classified as level two has been determined in accordance with generally accepted pricing models that reflect the credit risk of counterparties.

(44) Commitments and Contingent liabilities (off-Statement of Financial Position)

a. The details of this item are as follows:

	31 December 2021	31 December 2020
	JD	JD
Letter of credit	9,183,125	3,724,919
Acceptances	15,000,587	22,458,051
Letter of guarantees:		
-Payment	26,430,752	27,159,613
-Performance bonds	40,208,141	39,663,917
-Others	47,827,206	49,573,518
Unutilized direct credit facilities ceilings	55,562,702	64,066,189
Total	194,212,513	206,646,207

b. Operating leases amounted to JD 151,084 as of 31 December 2021 (JD 98,082 as of 31 December 2020)

(45) Litigation

Lawsuits raised against the Bank amounted to JD 2,366,663 as at 31 December 2021 (31 December 2020 JD 26,399,514). In the opinion of the Bank's management and the legal advisor, no further liabilities exceeding the provision of JD 267,690 is required as at 31 December 2021 (31 December 2020 JD 207,152).

(46) Assets Held for Sale and Discontinued Operations

On 28 November 2018, an agreement was signed between the Jordan Commercial Bank and the National Bank of Palestine whereby the National Bank of Palestine acquires most of the Jordan Commercial Bank's branch in Palestine at their book value in exchange for a 15% of the National Bank's capital for the Jordan Commercial Bank as a strategic partner. In accordance with the requirements of the International Financial Reporting Standard No. (5). The comparative figures have been reclassified in the statement of income to show the results of the Bank's branches in Palestine in the line item (loss) gain from discontinued operations as well as transferring all sold assets to assets held for sale and the sold liabilities to liabilities directly associated with assets held for sale. Noting that the final agreement was signed on 29 July 2020.

As part of the deal, the two banks agreed both to have deposits with preferential terms in favor of the National Bank, in order to compensate the differences in the fair value of some of the assets and liabilities acquired. The Bank evaluated these assets and liabilities at fair value in accordance to the requirements of IFRS 13 ("fair value measurement") which resulted in an impairment of the fair value by JD 1,800,000 which was recorded under discontinued operations in the income statement during 2020.

The results of performing discounted operations that are included in income for the year 2020 are as follow:

	2020
	JD
Interest Income	2,254,481
Less: Interest expense	(1,696,155)
Net interest income	558,326
Net commission income	69,885
Net interest and commission income	628,211
Foreign currency earnings	60,704
Returns on dividends on financial assets at fair value through the statement of comprehensive income	191,368
Other income	155,402
Gross income	1,035,685
Total employees' costs	921,885
Depreciation and amortization	267,619
Provision for expected credit losses – net	1,220,003
Sundry Provisions	1,877,255
Provision for losses on the sale of Palestine branches	-
Other expenses	939,599
Total expenses	5,226,361
(Loss) before tax	(4,190,676)
Income tax	-
(Loss) for the year from discontinued operations	(4,190,676)

(47) New International Financial Reporting Standards and its explanations and issued amendments and not implemented yet

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

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach),
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Bank.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement,
- That a right to defer must exist at the end of the reporting period,
- That classification is unaffected by the likelihood that an entity will exercise its deferral right,
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Bank is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

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

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

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

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

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

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

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

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

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

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

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

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

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

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

The amendments is not applicable to the Bank.

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

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

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

Definition of Accounting Estimates - Amendments to IAS 8
In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

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

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Bank is currently assessing the impact of the amendments to determine the impact they will have.

(48) Comparative Figures

Some of the comparative figures in the financial statements for the year 2020 have been reclassified to be consistent with the year 2021 presentation, with no effect on profit and equity for the year 2020.