Annual Report | 2020

البنك العربي الاسلامي الدولي

ISLAMIC INTERNATIONAL ARAB BANK

مناسبات

إسلامية

بسم الله الرحمن الرحيم

البنك العربي الاسلامي الدولي
ISLAMIC INTERNATIONAL ARAB BANK

شركة مساهمة عامة محدودة
عمان – المملكة الأردنية الهاشمية
هاتف: ٥٢٠٩٩٩٩(٦)٩٦٢+ / فاكس: ٥٦٧٢٩٤١(٦)٩٦٢+
عمان ١١١٩٠ الأردن
صندوق البريد: ٩٢٥٨٠٢

Our Vision ...

To be the leading Islamic Banking institution in the Arab world

Our Mission...

To achieve leadership in our chosen markets in accordance with Islamic Sharia rules as an organization dedicated to deliver highest quality products and the special services to the customer presented through a highly qualified staff in compliance with the best professional and ethical standards within a motivating environment, supported by advanced technologies and efficient distribution channels to achieve high and advanced financial results

Our Core Values...

Honesty and decency with ourselves and others.

Pursuit of excellence and fulfillment of our promises.

Adherence to the principles and rules of the Islamic Sharia throughout all our operations.

Belief that there is always a better means and the challenge lies in discovering it.

Commitment to Corporate Governance.

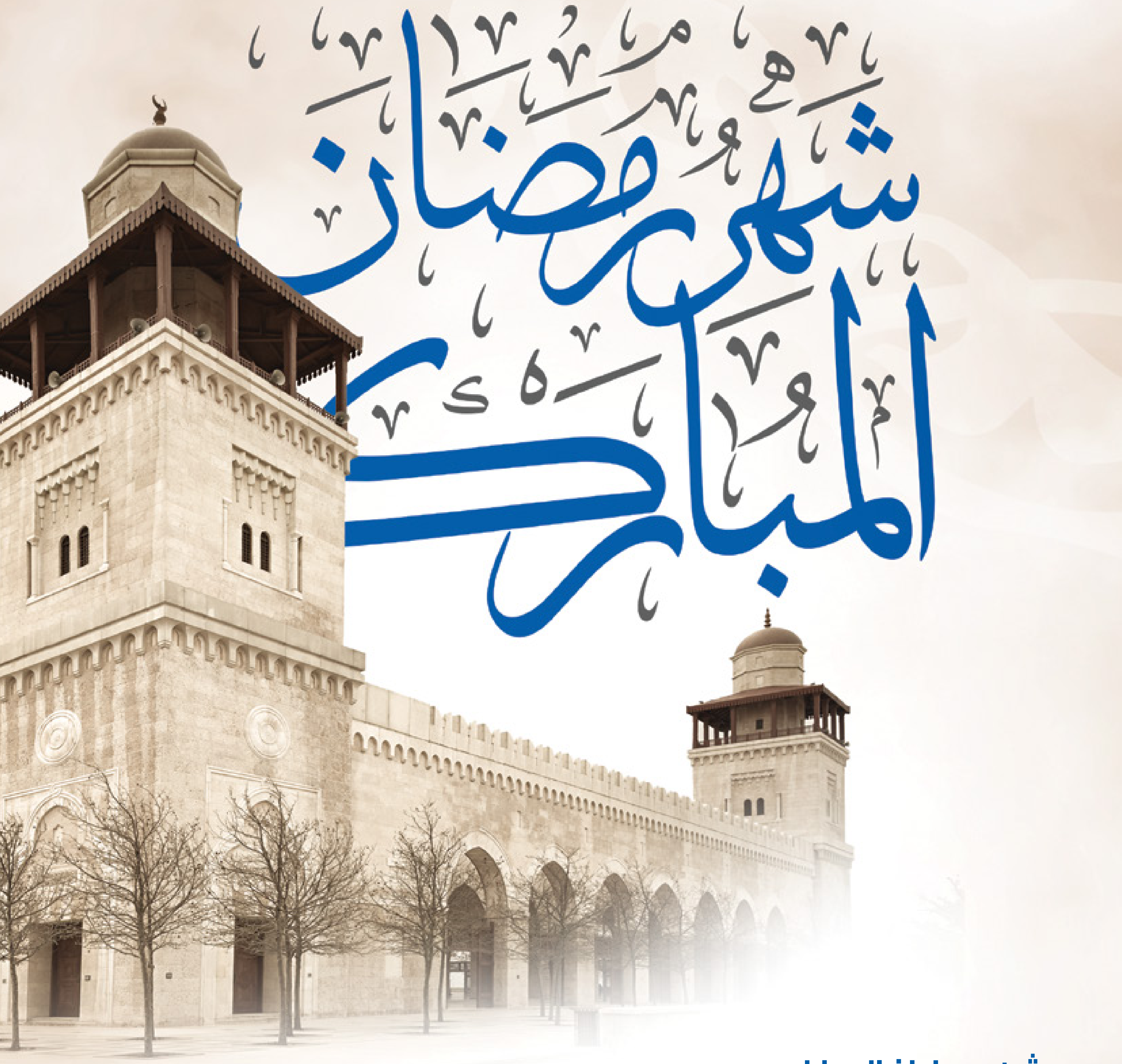
Commitment to social responsibility

His Majesty

King Abdullah II Bin Al Hussein

HRH the Crown Prince

Hussein Bin Abdullah II



شهر رمضان المبارك

قال تعالى:

(شَهْرُ رَمَضَانَ الَّذِي أُنزِلَ فِيهِ الْقُرْآنُ هُدًى لِّلنَّاسِ وَبَيِّنَاتٍ مِّنَ الْهُدَىٰ وَالْفُرْقَانِ فَمَن شَهِدَ مِنكُمُ الشَّهْرَ فَلْيَصُمْهُ وَمَن كَانَ مَرِيضًا أَوْ عَلَىٰ سَفَرٍ فَعِدَّةٌ مِّنْ أَيَّامٍ أُخَرَ يُرِيدُ اللَّهُ بِكُمُ الْيُسْرَ وَلَا يُرِيدُ بِكُمُ الْعُسْرَ)

قال رسول الله صلى الله عليه وسلم:

«من صام رمضان إيمانًا واحتسابًا غفر له ما تقدم من ذنبه، ومن قام ليلة القدر إيمانًا واحتسابًا غفر له ما تقدم من ذنبه»

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البنك العربي الإسلامي الدولي
ISLAMIC INTERNATIONAL ARAB BANK

Islamic International Arab Bank
(Public Shareholding Limited Co,)

Based on the conclusive verse differentiating between permitted and prohibited "Allah has permitted trading and forbidden usury" & our belief in the prominent message of Islam in economy being founded on equity and participation, and having the essential banking, commercial, investment and finance efficiency supported by distinguished banking expertise, IIAB commenced its banking operations on Shawwal 1418 ,12 AH, February 1998 ,9, Today, the Islamic International Arab Bank is one of the leading Islamic banking institutions in Jordan and the region.

The Bank was established as a public shareholding company in accordance with the Companies' ACT of 1989; IIAB was registered in the Public Shareholding Companies' Register under No. 327 on March 1997 ,30.

Shariah Supervisory Committee

Allah Almighty says in the Holy Qur'an:

(So ask the people of the message if you do not know)

(Surah Al-Anbya' Verse 7, Surah An-Nahl Verse 43)

His Eminence Dr, Ahmad Hlayel

Committee Chairman

Dr, Ahmad Ayade

Committee Executive Member

His Eminence Shaykh Saed Hejawe

Committee Member

Considering the breadth of the field of Islamic Fiqh, and in light of the many developments and changes of the modern economy and its complexity, in addition to the need for a good judgment and deep honest diligence to understand the Fiqh rules to get the Shariah opinion in financial, transactions, and modern banking issues, the necessity of Shariah Supervisory Committee of The Bank emerged based on the Shariah principle: "who works hard and does it right, is rewarded twice and who works hard and does it wrong, is rewarded once".

The Committee performs a significant role in issuing fatwas based on existing Shariah principles or effort that cope with the contemporary need. The committee approves all the contracts and agreements needed by the Bank with other bodies and institutions before they are accredited, sets an array of Shariahcompliant standards to govern the banking operations and offers consultations in issues presented by other relevant bodies.

Sharia Board committee Annual Report

In the name of Allah,
The All-Merciful, The Ever-Merciful
Sharia Board committee Annual Report
For the Financial period ending in 31/12/2020

All praise is due to Allah, the Lord of all that exists, and may peace and blessings be upon our Prophet Muhammad and upon his family and his companions in their entirety.

Dear Shareholders,

Greetings,

The Sharia Board committee would like to provide you with its annual report for the financial period ending in 31/12/2020 based on the bank statute and according to the commitment signed between us.

The committee has inspected the used principles and contracts related to transactions proposed by the bank during the financial period ending in 31/12/2020, in addition to conducting the due control for expressing opinion whether the bank is committing to the Islamic Sharia provisions and principles as well as Fatwa and guidelines issued by the committee.

The committee conducted inspection that included checking documentation and procedures followed by the bank based on examining each type of transaction. It also planned and implemented control to obtain all information and explanations considered necessary for providing adequate proofs that provide reasonable confirmation that the bank transaction did not breach the Sharia regulations of Islamic investment tools.

Through meetings; the committee continued setting the necessary basis and terms with the required processing in all aspects and matters needed by the nature of banking transactions in light of the developments appeared through practical application and in compatible with the Sharia regulations, with clarifying some new banking issues and indicating their Sharia status.

The committee revised the bank balance sheet as in 31/12/2020, income statement for the period ending in 31/12/2020 and clarifications of financial statements as they provide comprehensive illustration of bank works and required to be submitted to the concerned sections at the bank; and the committee did not find any Sharia breach within what was reviewed.

The committee reviewed the reports prepared by the Internal Sharia Audit Department for Headquarter and branches transaction in addition to the remarks and suggestions provided and procedures undertaken by the executive administration with this regard.

The responsibility of Sharia Control Committee is represented in expressing independent opinion with indicating Islamic Sharia opinion according to Sharia principles and provisions, while the responsibility of implementation according to Islamic Sharia fatwa and principles lies upon bank administration. Accordingly, we consider the following:

- Contracts, operations and transactions implemented by the bank during the period ending in 31/12/2020 that we reviewed are done according to the Islamic investment tools and Sharia regulations
- Basis of distributing profits and bearing loss by join investment holders and Investment Risks Fund are compatible with the accredited rules and basis by us
- The revenues achieved from doubted resources of being incompatible with the Sharia regulations of Islamic investments were spent in charity

Hope Allah will guide the persons responsible for the bank towards more success and achievement, thanking them for their cooperation and commitment to the Islamic Sharia provisions.

This report is issued on Tuesday 15 II 1442 H corresponding to 28 January 2021.

Prof. Dr. Ahmad Hlayil	Prof. Dr. Ahmad Ayadi	Sheikh Saeed Al-Hijjawi
Committee Chairman	Executive Member	Committee Member

Chairman's Message

Distinguished Shareholders:

Peace, mercy and blessing of Allah be upon you, and we pray upon the most honored, envoy of mercy to all, our master prophet Mohammed, and upon his progeny and his companions.

On behalf of the Board of Directors, I would like to present to you the Annual Report of 2019. Renewing my thanks to the blessed efforts of the staff of the Bank, and send a greeting and tribute to their excellencies and grace Members of the Shari'a Supervisory Board for their active role in supervising, advising, and their guidance aimed at keeping the essence of the Bank's work which is in compliance with the rules and principles of Islamic Shari`a.

The financial results for 2019 show profit for the year (after tax) of JD 34.3 million with a growth rate of 8% compared with 2018. The portfolio of finance exceeded JD 1.440 billion with a growth rate of 3% compared with 2018; customers' deposits exceeded JD 2.339 billion with a growth rate of 10% compared to the year 2018, proving the success of the top management in applying best practices in managing assets, liabilities, and revenues in light of the board's strategic plans.

During past years, the bank focused on providing comprehensive banking services for everyone at attainable terms and reasonable cost. This aimed to add more segments in the financial services, and offer complete financial solutions for large corporates and mega-projects. During 2019, IIAB joined the national Program for Self-employment "Inhad", launched by a royal decree, to support youth and help them launch their own businesses.

Facilitating access to finance was an important pillar during the past years, as Al-Nuzha branch business was transferred to its new location, Istiklal Mall, with the aim of providing the best services for extended hours of work, all days of the week and official holidays. By this, the branch network includes 45 branches that provide modern services covering all parts of the Kingdom.

Finally, I cannot but thank you again for your confidence in the Executive Management Team of the Bank, asking almighty Allah that next year will be a year of generosity and prosperity for Jordan and all Muslim countries. I hope that in presenting this annual report for 2019, we will show the bank's results with all the transparency and honesty required by the International Standards of Financial Disclosure, affirming our sincerity in keeping the confidence of our clients and keeping their money safe and profitable.

May Allah grants us success.

"Mohammed Said" Mohammed Shahin

Chairman

عيد الفطر المبارك

قال تعالى:

(وَلِتُكْمِلُوا الْعِدَّةَ وَلِتُكَبِّرُوا اللَّهَ عَلَىٰ مَا هَدَاكُمْ وَلَعَلَّكُمْ تَشْكُرُونَ)

عن أنس بن مالك رضي الله عنه: أنه قال:

(كان لأهلِ الجاهليَّةِ يومان في كلِّ سنةٍ يلعبون فيهما، فلمَّا قدِم النَّبيُّ صلَّى اللهُ عليه وسلَّم المدينةَ قال:
كان لكم يومان تلعبون فيهما وقد أبدلكما اللهُ بهما خيرًا منهما: يومُ الفطر ويومُ الأضحَى)

Message from the General Manager

Distinguished Shareholders,

Peace, mercy and blessing of Allah be upon you, and we pray upon the most honored, envoy of mercy to all, our master prophet Mohammed, and upon his progeny and his companions.

On behalf of the Executive management of the Islamic International Arab Bank, I would like to present to you the Annual Report for 2020. On this occasion, I would like to extend my thanks and gratitude to the Bank's Board of Directors and its esteemed general assembly for the high confidence they have entrusted in the team of the Islamic International Arab Bank, and seaze this opportunity to thank The Sharia Supervisory Board for their active role in supervising, advising, and their guidance aimed at keeping the essence of the Bank's work in compliance with the rules and principles of Islamic Shari'a.

The financial performance in exceptional circumstances

The financial results for 2020 show achieving a profit of (44.5) million JD (before tax) compared to (48.4) million JD in 2019, and the financing portfolio exceeded (1.581) billion JD, with a growth rate of 10% compared to 2019, and the value of deposits reached customers, including restricted deposits and cash margins, a value of (2.521) billion JD, an increase of 8% compared to 2019, and this reflects the bank's superiority in achieving the visions of the board of directors and the strategic plan and in achieving the desired goals.

Despite the exceptional circumstances that the Kingdom and all countries of the world went through due to the pandemic, IIAB has continued to provide its services to customers with full capacity even during lockdowns, and this is the result of cooperative work between members of the executive management and all employees of the bank in their various locations and the bank's complete readiness to work sustainably in all circumstances and conditions.

IIAB provides its services through 45 branches covering all governorates of the Kingdom, and the ATM network continued to expand and spread during 2020 until it reached 110 ATMs in all governorates.

It is worth to highlight the importance of electronic channels particularly mobile banking & internet banking in providing 24*7 services to the clients during such hard times.

Passion in all circumstances

The exceptional circumstances imposed by the pandemic did not discourage the bank from continuing to provide the best and most innovative banking solutions. The "Edamah" program aimed at small and medium enterprises has achieved great success even though it was launched during lockdowns in the Kingdom.

Emergency financing for this segment of projects to ensure the continuation of its business and pay the salaries of its employees, as part of the Loan Guarantee Program, which was launched by the Central Bank of Jordan and Jordan Loan Guarantee Corporation. As soon as the sectors were opened after the lockdown, the bank made offers on the financing specifically directed to the staff working in both the public security & military sectors as well as the medical sector, as gratitude for the heroic role they played in all circumstances and conditions.

IIAB's investment in its individuals aims mainly to enhance commitment to the bank's values and prudent banking practices and to provide services with the highest level of professionalism to its clients and in a manner that achieves goals. (277) employees participated in the training courses in (60) internal and external roles.

The bank won the IRBA2020 award presented by Cambridge Financial Group for the best in the bank in Jordan in retail banking services and the best Islamic banking product for women's empowerment "Tamakani".

Digital transformation

In 2020, a digital transformation strategy was launched, which will form the cornerstone of the bank's digital business model, to keep pace with the tremendous development in financial technology that will help the bank to provide new and innovative banking solutions based on big data and artificial intelligence, provided through various digital channels, not just through our branches.

Active CSR

Active Corporate Social Responsibility is an integral part of the bank's business, and this responsibility is reflected on all the bank's products and services to the benefit of both the economy and individuals through enhancing the added value and savings. IIAB applies responsible finance roles to protect its customers' rights and their capacity to meet their families' needs and their responsibility towards society.

IIAB's employees have done the most excellent example of belonging and loyalty, by donating 250,000 JD of their salaries to the Himmat Watan Fund to support the government's efforts and all concerned parties, security agencies, in addition to The Jordan Armed Forces/ Arab Army, under the directions of His Majesty King Abdullah II in dealing with the economic consequences that was created by Coronavirus pandemic.

Towards the future

We hope that 2021 will be a prosperous and progressive year for our Kingdom, looking forward to the return of the economy to its natural path after the decline of the intensity of the pandemic upon the rolling out of vaccination against it, praying to the Almighty Allah to sustain the grace of safety and security in our country under the leadership of his Majesty King Abdullah II Bin Al Hussein.

Finally, I cannot but thank you again for your generosity, hoping that we will succeed in this annual report for 2020 to present the results of the IIAB's business in line with international standards for financial disclosures and with all the required transparency and honesty, assuring our sincerity in maintaining the confidence of our clients and keeping their money safe, and giving them an abundant Halal profit.

Allah grants us success.

Peace and mercy of Allah be upon you.

Iyad Ghasoub Asali

General Manager

Board of Directors

Chairman
"Mohamed Saed" Mohamed Shaheen

Vice Chairman
Mr. Mohamed Ghanameh

Board Members
Mr. Naim Al-Hussaini

Mr. Basil Mousa

Mr. Ziad Homsi

Secretary of the Board of Directors
Dr. Mohsen Abu Awad

Auditors
Ernst and Young - Jordan

Top Management

Mr. Iyad Asali
General Manager

Dr. Mohsen Abu Awad
Chief Business and Investment Officer

Dr. Nayef Abu Dhaim
Chief Support and Operations Officer

Mr. Yousif Al-Badri
Chief Credit Officer

Mr. Abbas Marei
Chief Finance Officer

Mr. Abdul-karim Al-Sukari
Head of Risk Division

Mr. Akef Hamam
Head of Human Resources Division

Lawyer "Hussam Al-deen" Salah
Legal Consultant/ Head of Legal Department

Mr. Hamdi Al Mahmoud
Head of Audit division

Mr. "Mohammed Bashar" Al-Sarraj
Head of Regulatory Compliance Dept.

Dr. Omar Al Shareef
Internal Sharia Audit Manager/ Sharia Board Secretary

يوم عرفة

قال تعالى:

(الْيَوْمَ أَكْمَلْتُ لَكُمْ دِينَكُمْ وَأَتْمَمْتُ عَلَيْكُمْ نِعْمَتِي وَرَضِيتُ لَكُمُ الْإِسْلَامَ دِينًا)

قال رسول الله صلى الله عليه وسلم:

(مَا مِنْ يَوْمٍ أَفْضَلُ عِنْدَ اللَّهِ مِنْ يَوْمِ عَرَفَةَ، يَنْزِلُ اللَّهُ تَعَالَى إِلَى سَمَاءِ الدُّنْيَا
فَيُبَاهِي بِأَهْلِ الْأَرْضِ أَهْلَ السَّمَاءِ)

عيد أضحى مبارك

عيد الأضحى المبارك

قال تعالى:

فَلَمَّا بَلَغَ مَعَهُ السَّعْيَ قَالَ يَا بُنَيَّ إِنِّي أَرَى فِي الْمَنَامِ أَنِّي أَذْبَحُكَ فَانْظُرْ مَاذَا تَرَى قَالَ يَا أَبَتِ افْعَلْ مَا تُؤْمَرُ
سَتَجِدُنِي إِنْ شَاءَ اللَّهُ مِنَ الصَّابِرِينَ ﴿١٠٢﴾ فَلَمَّا أَسْلَمَا وَتَلَّهُ لِلْجَبِينِ ﴿١٠٣﴾ وَنَادَيْنَاهُ أَنْ يَا إِبْرَاهِيمُ ﴿١٠٤﴾ قَدْ صَدَّقْتَ
الرُّؤْيَا إِنَّا كَذَلِكَ نَجْزِي الْمُحْسِنِينَ ﴿١٠٥﴾ إِنَّ هَذَا لَهُوَ الْبَلَاءُ الْمُبِينُ ﴿١٠٦﴾ وَفَدَيْنَاهُ بِذِبْحٍ عَظِيمٍ ﴿١٠٧﴾

قال رسول الله صلى الله عليه وسلم:

(إنَّ أعظمَ الأيَّامِ عندَ اللَّهِ تباركَ وتعالَى يومُ النَّحرِ ثمَّ يومُ القَرِّ)

The financial statements for the year ended December 31, 2020

Independent report with verified accounts

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Islamic International Arab Bank
Public Shareholding Limited Company
Amman - Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Islamic International Arab Bank Public Shareholding Limited Company (the "Bank"), which comprise the statement of financial position as at 31 December 2020, and the income statement, statement of other comprehensive income, statement of changes in equity, statement of cash flows, and statement of sources and uses of funds of Al Qard Al Hasan fund 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, the financial position of the Bank as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with Islamic Shari'a rules and principles as determined by the Shari'a Supervisory Board of the Bank and in accordance with Financial Accounting Standards as issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

Basis for Opinion

We conducted our audit in accordance with Auditing Standards as issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). 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' *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 of the current period. 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.

<table>
<tr><th colspan="2">Expected credit losses of customers' receivables and finances, and financial assets at amortized cost</th></tr>
<tr><td>The process of estimating expected credit losses of customers' receivables and finances, and financial assets at amortized cost in accordance with the Islamic Financial Accounting Standard No. (30) is important, complex and requires judgment and diligence.

Islamic Financial Accounting Standard No. (30) requires the use of the expected credit losses model. This requires the Bank's management to use several assumptions and estimates to determine the timing and value of expected credit losses as well as applying judgment to determine the inputs to the impairment measurement process including assessing collateral and determining the date of default.

The Coronavirus pandemic (COVID-19) has impacted the calculation of expected credit losses. During the year, the Bank revised its macroeconomic indicators and gave greater weight to the worst-case scenarios.

Due to the importance of the governance applied in Islamic Financial Accounting Standard No. (30) and credit exposures that form a major part of the Bank's assets, the expected credit losses are considered an important audit risk.

Customers' receivables and finances, and financial assets at amortized cost as of 31 December 2020 amounted to JD 2,016,250,303 and the provisions balance amounted to JD 37,737,138.

The expected credit losses have been disclosed in the notes to the financial statements No. (6), (11), (22), and (56).</td><td>Our audit procedures included the assessment of the controls over the granting, booking and monitoring processes of receivables and finances, and the process of measuring expected credit losses, including consideration of Central Bank of Jordan (CBJ) requirements to validate the operating effectiveness of the key controls in place, which determine the impairment of receivables and finances, and financial assets at amortized cost and the required provisions against them. As part of the control testing procedures, we assessed whether the key controls in the above processes were designed, implemented and operated effectively, as well as procedures for assessing the following:

- The Bank's policy regarding the provision for expected credit losses in accordance with the Islamic Financial Accounting Standard No. 30.

- Key assumptions and judgments related to the significant increase in credit risk, the definition of default, and the use of macroeconomic variables to verify that the ECL amounts recorded reflect the underlying credit quality and macroeconomic trends, including the impact of the Coronavirus (Covid-19).

- The appropriateness of the classification of stages.

- Appropriateness of determining exposure at default, including the consideration of repayments in the cash flows and the resultant arithmetical calculations.

- Appropriateness of the PD, EAD, LGD and EIR used for different exposures at different stages.

- Appropriateness and objectivity of the internal rating.

- Soundness and mathematical integrity of the ECL Model.</td></tr>
</table>

	- 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 exposures determined to be individually impaired we re-preformed the ECL calculation we also obtained an understanding of the latest developments in the counterparty's situation of the latest developments in estimate of future cash flows, current financial position any rescheduling or restructuring agreements. - We inspected legal agreements and supporting documentation to confirm the existence and legal right to collateral. - We assessed collateral valuation techniques against the Bank's valuation guidelines including the impact of the Coronavirus (Covid-19) on the acceptance rates of these guarantees. We also assessed whether the financial statement disclosures appropriately reflect the requirements of the Accounting and Auditing Organization for Islamic Financial Institutions (AAIOFI).

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

Other information consists of the information included in the annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Bank's 2020 annual report is expected to be made available to us after the date of the auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information 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.

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 Islamic Shari'a rules and principles as determined by the Shari'a Supervisory Board of the Bank and in accordance with the Financial Accounting Standards as issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), 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 the Financial Accounting Standards as issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), will always detect a material misstatement when it exist. 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 Financial Accounting Standards as issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), 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 exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Bank's 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, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.

<u>Report on Other Legal and Regulatory Requirements</u>

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 Bishr Ibrahim Baker; license number 592.

Amman – Jordan
4 Febraury 2021

Ernst + Young

Statement of Financial Position

Islamic International Arab Bank (Public Shareholding Limited Company)
Statement of Financial Position
As At 31 December 2020

	Notes	2020	2019
		JD	JD
ASSETS			
Cash and balances with Central Bank of Jordan	4	795,966,945	699,887,946
Balances with banks and financial institutions	5	15,555,154	18,802,906
Deferred sales receivables and other receivables – Net	6	834,211,567	751,650,832
Deferred sales receivables through the statement of income	7	-	-
Ijara Muntahia Bittamleek assets – Net	8	729,668,006	682,859,790
Financial assets at fair value through shareholders' equity – Self financed	9	5,629,892	5,616,930
Financial assets at fair value through joint investment accounts holders' equity	10	3,239,246	2,662,444
Financial assets at amortized cost – Net	11	37,363,911	33,342,745
Investments in real estate	12	23,531,190	23,177,139
Al-Qard Al-Hasan loans – Net		52,214,777	48,098,103
Property and equipment – Net	13	15,801,339	16,394,117
Intangible assets – Net	14	975,473	1,109,708
Right of use assets	15	5,630,216	5,708,265
Deferred tax assets	21	3,182,882	2,960,558
Other assets	16	20,220,184	8,117,328
TOTAL ASSETS		**2,543,190,782**	**2,300,388,811**
LIABILITIES			
Banks and financial institutions' accounts	17	261,513	2,103,089
Customers' current accounts	18	721,194,579	677,546,280
Cash margin	19	30,631,892	31,372,032
Other provisions	20	3,545,844	3,248,220
Provision for income tax	21	11,359,095	10,737,299
Deferred tax liabilities	21	296,477	291,552
Lease liability	15	4,752,471	4,800,214
Other liabilities	22	30,693,225	41,452,567
TOTAL LIABILITIES		**802,735,096**	**771,551,253**

	Notes	2020	2019
		JD	JD
Joint Investment Accounts Holders' Equity			
Unrestricted investment accounts	23	1,492,084,412	1,301,329,325
Fair value reserve- net	27	(311,461)	(153,767)
Total joint investment accounts holders' equity		1,491,772,951	1,301,175,558
Provision for future expected investment risks	24/b	4,036,823	13,079,838
Provision for income tax on investment risk fund	24/a	-	384,283
		4,036,823	**13,464,121**
SHAREHOLDERS' EQUITY			
Paid-in capital	25	100,000,000	100,000,000
Statutory reserve	26	39,733,495	35,260,929
Voluntary reserve	26	4,262,322	4,262,322
Fair value reserve - net	27	483,724	475,688
Retained earnings	28	100,166,371	74,198,940
Total shareholders' equity		244,645,912	214,197,879
Total liabilities, joint investment accounts holders and shareholders' equity		2,543,190,782	2,300,388,811
Restricted investments		244,521,656	294,970,929
Wakalah investments		32,759,293	33,842,397

Statement of Income

Islamic International Arab Bank (Public Shareholding Limited Company)
Statement of Income
For the year ended 31 December 2020

	Notes	For the Year Ended 31 December	
		2020	2019
		JD	JD
Revenues			
Deferred sales revenues	29	45,879,109	50,920,786
Revenue from financial assets at amortized cost	30	1,419,555	1,304,031
Net income (expenses) from investment in real estates	31	129,048	(39,085)
Revenue from Ijara Muntahia Bittamleek Assets	32	50,536,117	53,603,014
Ju'alah commissions	33	935,843	711,351
Recoveries from expected credit loss provision	34	3,198,151	3,914,207
Total Revenue from Joint Investments Accounts		102,097,823	110,414,304
Deposit insurance fees on joint investment accounts	35	(2,410,690)	(1,397,218)
Investment risk fund share	24	-	(3,512,818)
Unrestricted investment accounts share	36	(27,895,062)	(33,249,811)
Banks' Share in income from Joint Investment as Mudarib and Fund Owner (Rab Al-Mal)	37	71,792,071	72,254,457
Bank's self-financed revenues	38	35,412	49,219
Bank's share in restricted investment profit as Mudarib	39	294,238	1,015,194
Bank's share in restricted investment profit as agent (Wakeel)	39	381,402	502,115
Gains from foreign currencies	40	1,451,389	1,620,350
Banking services revenues	41	11,265,829	11,679,777
Other revenues	42	308,596	380,896
Deposit insurance fees on current accounts	35	(1,993,124)	(1,367,149)
Gross Income		83,535,813	86,134,859
Expenses			
Employees' expenses	43	24,686,710	23,174,565
Depreciation and amortization	13&14	2,519,377	3,224,359
Other expenses	44	9,352,128	9,207,915
Depreciation of Ijara Muntahia Bittamleek assets	8	8,032	23,045
Provisions for expected credit loss - self	6&56	165,000	195,000
Amortization of right of use assets	45	1,200,737	1,091,402
Lease liabilities discount / Finance costs	45	138,334	147,198
Rental expenses	45	308,307	243,562
Other provisions	20	431,528	340,010

	Notes	For the Year Ended 31 December	
		2020	2019
		JD	JD
Total expenses		38,810,153	37,647,056
Profit before income tax		44,725,660	48,487,803
Income tax	21	(14,285,663)	(14,103,702)
Profit for the year		30,439,997	34,384,101
Earnings per Share for the year	46	0.304	0.344

Statement of Comprehensive Income

Islamic International Arab Bank (Public Shareholding Limited Company)
Statement Of Comprehensive Income
For the year ended 31 December 2020

	For the Year Ended 31 December	
	2020	2019
	JD	JD
Profit for the year	30,439,997	34,384,101
Comprehensive income:		
Items that will not be reclassified subsequently to statement of income		
Net change in fair value reserve	8,036	181,122
Total comprehensive income for the year - attributable to the Bank's shareholders	30,448,033	34,565,223

Islamic International Arab Bank (Public Shareholding Limited Company)
Statement Of Changes In Shareholders' Equity
For the year ended 31 December 2020

	Notes	Paid-in capital	Reserves		Fair value reserve - Net	Retained earnings *	Total
			Statutory	Voluntary			
		JD	JD	JD	JD	JD	JD
For the year ended 31 December 2020							
Balance at beginning of the year		100,000,000	35,260,929	4,262,322	475,688	74,198,940	214,197,879
Profit for the year		-	-	-	-	30,439,997	30,439,997
Net change in fair value reserve after tax	27	-	-	-	8,036	-	8,036
Total comprehensive income for the year		-	-	-	8,036	30,439,997	30,448,033
Transferred to reserves		-	4,472,566	-	-	(4,472,566)	-
Balance at the end of the year		100,000,000	39,733,495	4,262,322	483,724	100,166,371	244,645,912
For the year ended 31 December 2019							
Balance at beginning of the year		100,000,000	30,412,149	4,262,322	294,566	58,922,083	193,891,120
Impact of adopting of IFRS (16)		-	-	-	-	(258,464)	(258,464)
Balance at the beginning of the year (Amended)		100,000,000	30,412,149	4,262,322	294,566	58,663,619	193,632,656
Profit for the year		-	-	-	-	34,384,101	34,384,101
Net change in fair value reserve after tax	27	-	-	-	181,122	-	181,122
Total comprehensive income		-	-	-	181,122	34,384,101	34,565,223
Transferred to reserves		-	4,848,780	-	-	(4,848,780)	-
Distributed dividends **		-	-	-	-	(14,000,000)	(14,000,000)
Balance at the end of the year		100,000,000	35,260,929	4,262,322	475,688	74,198,940	214,197,879

* Retained earnings include an amount of JD 3,182,882 as of 31 December 2020 that cannot be used based on the instructions of the Central Bank of Jordan. This amount represents the amount of deferred tax assets related to the Bank's self-financed operations (JD 2,960,558 as at 31 December 2019).

* Retained earnings include a restricted amount of JD 181,121 as of 31 December 2020 which represents general banking reserve surplus resulted from Financial Accounting Standard (30) and International Financial Reporting Standard (9) adoption.

** The bank did not distribute dividends to shareholders during the year 2020 in compliance with the instructions of the Central Bank of Jordan No. 1/1/4693 on April 9, 2020. (2019: JD 14,000,000).

Islamic International Arab Bank (Public Shareholding Limited Company)
Statement of Cash Flows
For the year ended 31 December 2020

	Notes	31 December 2020	31 December 2019
		JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before tax		44,725,660	48,487,803
Adjustments to non- cash items:			
Depreciation and amortization	13 & 14	2,519,377	3,224,359
Depreciation of investments in real estate	12	128,731	224,226
Provision for expected credit loss - self	56&6	165,000	195,000
Recoveries from expected credit loss - joint	56&6	(3,198,151)	(3,914,207)
Investment risks fund	24	-	3,512,818
Other provisions	20	431,528	340,010
Right of use assets amortization	45	1,200,737	1,091,402
Lease liabilities / Finance costs	45	138,334	147,198
Effect of exchange rate fluctuations on cash and cash equivalents	40	(1,207)	(8,286)
Net cash from operating activities before change in the working capital		46,110,009	53,300,323
Change in working capital items			
(Increase) decrease in deferred sales receivables and other receivables		(86,625,361)	20,012,580
(Increase) in Ijara Muntahia Bittamleek assets		(57,931,595)	(27,103,554)
(Increase) in other assets		(3,049,638)	(8,436,674)
(Increase) in Al-Qard Al-Hasan loans		(4,116,674)	(7,588,024)
Increase in customers' current accounts		43,648,299	11,797,740
(Decrease) increase in cash margins		(740,140)	457,143
(Decrease) increase in other liabilities		(8,483,280)	15,483,991
Net cash from (used in) operating activities before Tax and provisions paid		(71,188,380)	57,923,525
Provisions paid	20	(133,904)	(98,448)
Tax paid	21 & 24	(15,543,848)	(20,675,560)
Net cash from (used in) operating activities		(86,866,132)	37,149,517

	Notes	31 December 2020	31 December 2019
		JD	JD
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Purchase) of financial assets at fair value through joint investments accounts holders' equity		(734,497)	(1,208,480)
(Purchase) of financial assets at amortized costs – net		(4,702,614)	(1,480,800)
(Purchase) of investment in real estates		(766,715)	(325,774)
(Purchase) of property and equipment		(1,598,418)	(2,219,236)
(Purchase) of intangible assets	14	(236,435)	(226,280)
Proceed from sale of property and equipment		10,105	37,048
Net cash (used in) from investing activities		(8,028,574)	(5,423,522)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase in joint investment account holders' equity		190,755,087	108,258,075
Paid lease obligations	15	(1,188,765)	(1,314,213)
Distributed dividends	28	-	(14,000,000)
Net cash flows from financing activities		189,566,322	92,943,862
Effect of exchange rate fluctuations on cash and cash equivalents		1,207	8,286
Net increase in cash and cash equivalents		94,672,823	124,678,143
Cash and cash equivalents at beginning of the year		716,587,763	591,909,620
Cash and cash equivalents at the end of the year	47	811,260,586	716,587,763
Non-cash items:			
Investment in real estates resulted from termination of Ijara contracts		-	1,405,831
Increase in foreclosed assets resulted from termination of ijara contracts		11,123,379	-
Increase of foreclosed assets resulted from transfer from investment in real estate		283,933	-
Intangible assets		(32,384)	1,051,274

Statement of Sources And Uses of Al - Qard Al - Hasan Fund

Islamic International Arab Bank (Public Shareholding Limited Company)
Statement Of Sources And Uses Of Al - Qard Al - Hasan Fund
As of 31 December 2020

	31 December 2020	31 December 2019
	JD	JD
Balance at the beginning of the year	47,766,495	40,140,627
Sources of the fund:		
Shareholders' equity	(59,621,321)	(54,819,614)
Total sources of fund's assets during the year	(59,621,321)	(54,819,614)
Uses of the Fund:		
Personal advances	5,707,605	4,538,719
Revolving cards	58,136,186	57,906,763
Total used during the year	63,843,791	62,445,482
Balance at the end of the year	51,988,965	47,766,495
Currents and overdrawn accounts	982,370	1,030,239
Less: Expected credit losses	(756,558)	(698,631)
Balance at the end of the year – net	52,214,777	48,098,103

Islamic International Arab Bank (Public Shareholding Limited Company)
Statement of Changes In Restricted Investments
As of 31 December 2020

	Note	International Murabaha		Cash Balances		Total	
		For the year ended 31 December		For the year ended 31 December		For the year ended 31 December	
		2020	2019	2020	2019	2020	2019
		JD	JD	JD	JD	JD	JD
Investments at the beginning of the year		290,785,144	202,563,040	4,185,785	4,074,759	294,970,929	206,637,799
Add: Deposits		85,132,770	182,575,680	-	111,026	85,132,770	182,686,706
Less: Withdrawals		(136,750,382)	(99,147,477)	(396,633)	-	(137,147,015)	(99,147,477)
Less: Bank's fees as Mudarib	39	(294,238)	(1,015,194)	-	-	(294,238)	(1,015,194)
Add: Investment gains		1,859,210	5,809,095	-	-	1,859,210	5,809,095
Investments at the end of the year		240,732,504	290,785,144	3,789,152	4,185,785	244,521,656	294,970,929
Revenues for distribution		112	50	-	-	112	50
Total		**112**	**50**	**-**	**-**	**112**	**50**

Islamic International Arab Bank (Public Shareholding Limited Company)
Statement of Changes In Wakalah Investment
As of 31 December 2020

	Note	Local Murabaha		Cash Balances		Total	
		For the year ended 31 December		For the year ended 31 December		For the year ended 31 December	
		2020	2019	2020	2019	2020	2019
		JD	JD	JD	JD	JD	JD
Investments at the beginning of the year		21,250,714	28,634,957	12,591,683	7,659,183	33,842,397	36,294,140
Add: Deposits		2,228,026	4,866,581	1,006,320	4,932,500	3,234,346	9,799,081
Less: Withdrawals		(4,317,450)	(12,250,824)	-	-	(4,317,450)	(12,250,824)
Add: Investments' gains		646,008	1,094,930	-	-	646,008	1,094,930
Less: Bank's fees as Agent (Wakeel)	39	(381,402)	(502,115)	-	-	(381,402)	(502,115)
Less: Client's share		(264,606)	(592,815)	-	-	(264,606)	(592,815)
Investments at the end of the year		19,161,290	21,250,714	13,598,003	12,591,683	32,759,293	33,842,397
Revenue received in advance		1,459,786	1,795,909	-	-	1,459,786	1,795,909
Total		**1,459,786**	**1,795,909**	**-**	**-**	**1,459,786**	**1,795,909**

Clarifications on the financial statements

1. General

Islamic International Arab Bank ("the Bank") was established as a Public Shareholding Limited Company on 30 March 1997 pursuant to the provisions of the company's law No. (22) of 1997 Head office is in Amman.

The bank provides all banking, financial, and investment activities that comply with Islamic Shari'a standards through its headquarters and its 45 branches inside the kingdom. The bank's transactions are governed by the applicable bank's law.

The Islamic International Arab Bank is wholly owned by the Arab Bank.

The financial statements were authorized for issue by the Bank's Board of Directors in their meeting No. (1) held on 28 January 2021 and its subject to the approval of the General Assembly and Central Bank of Jordan.

The Bank's Shari'a Supervisory Board reviewed the financial statements on 28 January 2021 and issued their Shari'a report thereon.

2. Significant Accounting Policies

Basis of Financial Statements Preparation

The bank's financial statements have been prepared in accordance with the standards issued by the Accounting and Auditing Organization of Islamic Financial Institutions (AAOIFI), in conformity with applicable local laws and regulations, and with the Central Bank of Jordan's regulations. In the absence of Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions relating to financial statements items, the International Financial Reporting Standards and related interpretations are applied in conformity with the Shari'a standards, pending the promulgation of Islamic Standards therefor.

The financial statements are prepared on the historical cost basis except for financial assets at fair value through shareholders' equity and sales receivables through the statement of income, which are recognized at fair value at the date of the financial statements.

The financial statements have been presented in Jordanian Dinar, which is the functional currency of the bank.

On 1 April 2019, amended law of the Deposits Insurance Corporation Law was issued, which included islamic banks in the umbrella of the Deposit Guarantee Corporation, noting that islamic banks were not previously covered by the law. The amended law states that the deposits accounts which are classified within the bank consignment (credit accounts and its equivalent and the part that does not participate in the profits from the joint investment accounts) will be subject to deposits guarantee fees that the bank will bear from its own funds, whereas the joint investment accounts will bear the participation fees of the joint investment accounts for these accounts.

On 1 April 2019, a new law was issued that amends the Banks Law No. (28) of the year 2000, where Article (13) of the law states on the dissolution of Article (55) from the original law. It states that no less than 10% of net recognized investment revenue on different continuing operations during the period should be deducted, with twice the amount of the Paid-in Capital being the maximum. Also, in accordance with the Central Bank of Jordan's Circular No. 9173/1/10, setting aside the surplus of the Investment Risk Fund as a provision to encounter any expected future risk for assets financed through joint investment accounts.

The bank adopted the principle of mixing owner's equity with the accounts of the holders of joint investment as from the beginning of May 2013, maintaining the existing investments financed by the holders of equity (self) until maturity.

Changes in accounting policies

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the bank's financial statements for the year ended 31 December 2019, except for the following:

Financial Accounting Standard 30 (impairment of assets, credit losses and high-risk liabilities)

The 2014 International Financial Reports Standard (9) was implemented on the date of the mandatory application of the standard on January 1, 2018, until instructions were issued for Islamic banks in accordance with the requirements of the Islamic Financial Accounting Standard, where the Bank applied the requirements of the expected credit loss model under the instructions of the Central Bank of Jordan No. (13/2018) on June 6, 2018.

On January 1, 2020, the Bank applied the requirements of The Islamic Financial Accounting Standard (30) in compliance with the instructions of the Central Bank of Jordan (6/2020) on July 5, 2020 and did not result in any material differences from the International Financial Reporting Standard (9).

This standard defines accounting principles and disclosure requirements for the impaired financial assets and expected credit losses on various credit exposures, investments, and other assets of Islamic financial institutions and related allocations and in accordance with the best practices followed globally.

This standard also resulted in recommendations for changes and improvements in reserve accounting represented by risk reserves in accordance with Financial Accounting Standard 35", which must be adopted simultaneously with the same effective date as the 30 the financial accounting standard. Both financial accounting standard 30 and Financial Accounting Standard 35 replace the previous financial accounting standard No. 11 for "allocations and reserves."

Financial Accounting Standard 35 (Risk Reserves)

The standard provides a comprehensive model for recognition, measurement, presentation and clarification sought regarding risk reserves. The standard applies to risk reserves of Islamic institutions to mitigate exposure to credit risk, market risk, equity investment risk and rate of return or movable business risks faced by stakeholders.

The Bank has implemented the requirements of Financial Accounting Standard 35 on risk reserves and has not had any effect on the bank's financial statements.

Financial Accounting Standard 33 (Investing in Sukuk, Equities and Similar Instruments)

Financial Accounting Standard (33) "Investing in Sukuk, Equities and Similar Instruments" replaces Financial Accounting Standard No. 25, which identifies the types of key instruments for Shariah compliant investments and identifies accounting processes in accordance with the characteristics of the bank's business model under which investments are managed, and aims to establish principles for classification, recognition, measurement, presentation, disclosure of investment in sukuk, equity and other similar instruments.

The Bank has implemented the requirements of Financial Accounting Standard 33 for investments in sukuk, equities and similar instruments has not had any effect on the application of Financial Accounting Standard 33 to the Bank's financial statements.

Financial Accounting Standard 34 for the preparation of financial reports for sukuk holders

This standard defines the accounting principles and financial reporting requirements for the underlying assets of the sukuk instruments. It requires the source to prepare funding reports or call for them as needed under this standard.

The Bank has implemented the requirements of Financial Accounting Standard 34 for the preparation of financial reports for sukuk holders and has not produced any effect from the application of Financial Accounting Standard 34 to the Bank's financial statements.

Sectors' Information

The business sector represents a group of assets and operations, which jointly provides products or services subject to risks and returns different from those relating to other business sectors measured in accordance with the reports used by the Chief Operating Officer and key decision maker at the Bank.

The geographical sector relates to providing products or services in a specific economic environment subject to risks and returns different from those relating to segments operating in other economic environments.

Basis of distributing profits among shareholders equity and joint investment accounts holders.

	Rate	
Share of Joint Investment Accounts Holdersv According to the slides	30%- 75%	Which is 1.75% to 4.31% for the 1st half and from 1.65% to 4.49% for the 2nd half of 2020, on the Jordanian Dinar (compared with 2.938% for the 1st half and from 3.12% to 5.3% for the 1st and 2nd halves of 2019) and 0.54% to 1.24% and 0.37% to 0.94% on the US Dollar for the 1st and 2nd halves of 2020, respectively (compared with 1.29% and 1.15% for 2019)
Share of Shareholders' Equity According to the slides	25%-70%	

The bank donates a certain amount from its share in income from joint investment as Mudarib or fund owner (Rab Al-Mal) to raise the percentage of profit distributed (according to the slides) to some/all unrestricted investment accounts holders noting that the donation individually on behalf of customers was cancelled according to the instructions of the Central Bank of Jordan, but it was donated individually to some of the customers contracted with before issuing the instructions.

The bank grants priority in investment to the holders of the joint investment accounts. These accounts are charged with the advertisement and publicity expenses in respect of the products that the bank releases. Such expenses are life insurance premiums in respect of those financed by Ijara Muntahia Bittamaleek contracts and the expenses related to investment in real estate, which are invested from the deposits accounts that participate in profits.

The rate of distributed profits to the holders of the restricted investment deposits in US Dollars ranged from 0.156% and 1.78% for the year 2020 (compared with 1.77% to 2.54% for the year 2019).

Revenue, Earnings and Losses Not Compliant with Islamic Shari'a

The bank's revenue, earnings, and losses not in compliance with Islamic Shari'a (if any) are recorded in a special account in the statement of financial position within other credit balances. They are not recorded in the statement of income and are disbursed on charity as determined by the Shari'a Supervisory Board.

Zakah

The responsibility for Zakah is assumed by the holders of deposits and shareholders separately.

Deferred Sales Receivables

Murabaha Contracts

These are sale of a commodity at its first purchase price paid by the seller (the bank) with known and an agreed upon mark-up. The sale may be on an ordinary Murabaha basis called (Simple Murabaha), in which the Bank practices trade. According to simple Murabaha, the bank buys the commodities without reliance on a prior promise by a customer to buy them, and then the bank offers such commodities for sale by Murabaha at an agreed upon price and profit. Otherwise, the sale could be Murabaha coupled with a promise from a customer, i.e. the Bank buys the commodity only after the customer determines his desires with the existence of a prior promise to buy, which is then called (Murabaha to purchase order).

- The bank applies the principle of commitment of promise in the sale contracts of Murabaha to purchase order, but in the event of abstention, the bank sells the commodity and refers to the commander of purchase to compensate for the actual losses.
- Murabaha receivables are recorded upon their occurrence at their nominal value. They are measured at the end of the financial year at the net cash value expected to be realized.
- The profits are recorded upon concluding the cash Murabaha contracts or to a period not exceeding the financial year.
- Income of deferred sales for a period exceeding the financial year is recorded by distributing it over the future financial years for the term, whereby a share of the profits is allocated for each financial year regardless of whether or not it is a cash delivery.

Al Ju'alah

It is a contract in which one of the parties (the Ja'il) offers specified compensation (the Ju'alah / commission) to anyone who will achieve a determined result (the 'Amil) in a known or unknown period.

Al Istisna'

It is a sale contract between Al Mustasnee (buyer) and Al Sanee' (seller), whereby the latter, upon the request of the former, manufactures a described commodity (Masnou') or obtains it on the delivery date. This is provided that the manufacturing material and/or cost of work is provided by the manufacturer against the price and payment method (immediate, deferred, or installed) agreed on by both.

- Cost of Istisna' includes direct and indirect costs related to Istisna' contracts. Such costs do not include general and administrative, marketing expenses and costs of research and development.
- The costs of Istisna' process and the costs prior to signing the contract are recorded in the financial year under the item Istisna' under process at the amounts disbursed by the Bank. The invoices sent to Al Mustasnee (the buyer) by the Bank are recorded under Istisna' receivables account and deducted from the account of Istisna' under process in the statement of financial position.
- Istisna' revenue is recorded upon concluding the contract either through completion of execution or expiry of the contract, whichever is earlier.
- If Al Mustasnee (the buyer) does not fully pay the agreed upon price and reach an agreement to pay in installments during the contract execution or after its completion, deferred profits are recorded and deducted from the balance of Istisna' receivables account in the bank's statement of financial position. This is carried out whether the method followed in recording Istisna' revenues is the percentage of completion method or the completed contract method. Moreover, the deferred profits distribution is made over the future financial years whereby a share of the profits is allocated for each financial year, whether the settlement is made by cash or not.
- If the Bank retains the manufactured item for any reason, such assets are measured at the expected cash value to be realized or at cost, whichever is lower. The difference (if any) is recorded as a loss in the statement of income in the financial year in which it is realized.

Assets Available for Deferred Payment Sale

- These are assets which the Bank acquires for the purpose of future sale (by installments). The sale of such assets is called Musawamah sale by installments in order to differentiate it from Murabaha to purchase order.
- The assets available for deferred payment sale are recorded at cost at the time of contracting and measured on a cost basis (purchase value and any direct expenses which are acquisition-related).
- The assets available for deferred payment sale are measured at the end of the financial period at fair value. The amount of change resulting from the re-valuation process if any is measured on the basis of book value compared with fair value, and the unrealized profit (loss) is recorded in the investments fair value reserve.
- Profits from the deferred payment sale operations are recorded according to the maturity principle distributed over the financed periods for the contract term. The profits for deferred payment sale are recorded in the revenues of future sales account.
- Receivables of deferred payment sale are recorded upon contracting at par value (the contracted for).

Financing Investments

Mudaraba Financing

It is a partnership in profit regarding money and work, and it is instituted between the holders of investment accounts (Rab Al-Mal) and the bank (Mudarib). The Bank and the division of gain as agreed, whereby losses are charged to Rab Al-Mal except in the events of infringement of the bank (Al Mudarib), its default, or violation of the conditions. In such cases, the bank bears the consequences arising therefrom. The partnership is also instituted between the bank in its capacity as the capital holder in its own name or on behalf of the holders of investment accounts and craftsmen and other business owners such as farmers and industrialists. Such Mudaraba is different from the traditional speculation that involves adventure and taking risks in sale and purchase activities.

Mudaraba finance is recorded upon delivering the capital to Al Mudarib or putting it under his control. The provided capital is measured by the paid amount or at fair value if in-kind. If a difference results from the valuation of the in-kind item between the fair value and the book value, it is recognized as a profit (loss) in the statement of income. At the end of the financial year, the amount the Bank redeems from the Mudaraba capital is deducted.

The bank's share of the gains (losses) arising and expiring during a financial year is recorded after the settlement of the Mudaraba process. In events where Mudaraba process continues for more than a financial year, the bank's share of the profits is recorded upon realization of the profits by accounting for them, in whole or any part thereof, in the financial year in which the profits occur to the extent of distributed profits. Moreover, losses for that year are recorded to the extent of losses by which the Mudaraba capital is reduced.

If losses are incurred due to Mudareb infringement or default, such losses are recorded as receivables debited to Mudareb's account.

Musharaka Financing

It is the provision of funds by the Bank and customer equally or differently in order to set up a new project or participate in an existing one, whereby each of them would own a share in the capital either on a fixed or diminishing basis and would be entitled to its share of the gains .Losses are divided proportionate to the partner's share in capital ,whereby it would be inappropriate to stipulate otherwise.

The Bank's share in Musharaka capital is recorded upon delivery to the managing partner or when it is deposited in Musharaka account, as it is measured at the cash paid value or at fair value if in-kind. If a difference results from the evaluation of the in-kind item between fair value and book value, it is recognized as a profit (loss) in the statement of income.

The capital in the diminishing Musharaka is measured at the end of the financial year at the historical value less the historical value of the share sold at the agreed upon fair value, and the difference between both values is recorded as a profit or loss in the statement of income.

The bank's share of the gains or (losses) of Musharaka financing which arises or expires during the financial year is recorded after settlement. In the event that Musharaka continues for more than a financial year, the bank's share of the profits is recorded upon their realization by accounting for them, in whole or any part thereof, between the bank and the partner in the financial year in which the profits occur to the extent of the distributed profits. Moreover, losses for a financial year are recorded in that year to the extent of the losses by which the Bank's share in the Musharaka capital is reduced.

An additional provision of expected credit losses for Deferred Sale Receivable and Other Receivables in case there is an indication of a significant increase in credit risk.

At the end of the financial year, the financing assets are recorded at cost or at cash value expected to be realized, whichever is lower, and the difference is recorded as a financing's impairment provision.

The income from future sales and non-performing financing granted to customers is held in suspense in accordance with the Central Bank of Jordan instructions.

The deferred sales receivables and funding financed from the joint investment accounts are written off in case efforts relating to their collection are not successful against the Investment Risks Fund (except for what has been granted / financed and then written off from the deferred sales receivables and finances in the same year whereby they are recorded in the statement of income within investment income). Any amounts collected from the previously written-off receivables and finances are added to the Investment Risks Fund, except for what has been recorded in the statement of income within investment income. Moreover, deferred sales receivables and funding financed from the Bank's own funds for which an impairment provision is taken are written off, if the related collection procedures are not successful, and deducted from the impairment provision. Any surplus in the total impairment provision is transferred to the statement of income, and any amounts of the previously written-off receivables and finances collected are added to income.

Financial Assets Recognition Date

Sales and purchase of financial assets are recognized on the trading date (the date the bank is liable of selling or buying the financial assets)

Financial Assets at Amortized Cost

These represent financial assets that the bank's management aims to hold according to its business model to collect their contractual cash flows. Moreover, they represent fixed or determinable payments for their capital and gains.

These assets are recorded at cost upon purchase plus acquisition costs, and they are re-valued at the end of the current period based on the effective profit method. Any profits or losses resulting from the amortization process are recognized in the statement of income, and any impairment in value is recorded in the statement of income.

The amount of impairment in the value of these assets represents the difference between the book value and present value of the expected cash flows discounted at the original effective profit rate whereby any provisions resulting from impairment in the value of these assets are deducted. Moreover, any financial assets may not be reclassified to/ from this item.

If any of these assets financed from the bank's own funds is sold before maturity, the result of the sale is recorded in a separate item within the statement of comprehensive income and disclosed accordingly.

Financial Assets at Fair value through Shareholders' Equity - Self Financed

These assets represent investments in equity instruments financed from the Bank's funds for retaining them for the long term.

These assets are recorded upon purchase at fair value plus acquisition costs. Subsequently, these assets are re-valued at fair value. The change in fair value is recognized under the fair value reserve within shareholders' equity.

If such assets or any part thereof is sold, gains or losses resulting therefore are recorded in retained earnings.

Gains generated from such financial assets are recorded on the date of the declaration of their distribution in the statement of income.

Gains or losses resulting from foreign currency exchange differences relating to these assets are recorded in the fair value reserve.

Financial Assets at Fair value through joint investment accounts holder's equity

These assets represent investments in equity instruments financed from joint investment account for retaining them for the long term.

- These assets are recorded upon purchase at fair value plus acquisition costs. Subsequently, these assets are re-valued at fair value. The change in fair value is recognized under the fair value reserve within joint investment account holder's equity.
- If such assets or any part thereof is sold, gains or losses resulting therefore are recorded in statement of income.
- The impairment loss previously recorded in the statement of income may be recovered if it is objectively found that the increase in fair value occurred in a period subsequent to recording the impairment losses through the fair value reserve recognized within joint investment accounts holders' equity
- Gains generated from such financial assets are recorded on the date of the declaration of their distribution in the statement of income.
- Gains or losses resulting from foreign currency exchange differences relating to these assets are recorded in the fair value reserve within joint investment account holders' equity.
- Financial assets whose fair value cannot be reliably determined are recognized at cost, and the impairment test is carried out at the end of every financial period. Moreover, the impairment in their value is recorded in the statement of income and may not be recovered during subsequent periods.

Deferred Sales Receivables through the Statement of Income / Self - Financed

These are sale receivables (International Murabaha) due to the Bank's buying of commodities with the purpose of selling them in the near future.

These receivables are recorded at fair value upon sale and subsequently re-valued at fair value through the market indicators of these receivables. Moreover, the change in fair value is recognized in the statement of income.

The Bank may dispose of these receivables by a debt assignment to another person at their net nominal or book value, and the difference is recorded in the statement of income.

Ijara Muntahia Bittamleek (Lease to Own)

It is a benefit contract for a compensation which expires by the lessee's acquisition of the leased assets.

- The assets acquired for Ijara are measured, at the date of their acquisition, at historical cost, including direct costs to render them usable. The leased assets are depreciated according to the straight-line method over the life of Ijara contract.
- When the recoverable amount from any of the acquired Ijara assets is lower than their net book value, their value is reduced to the recoverable amount, and the impairment amount is recorded in the statement of income.
- The income from Ijara is distributed over the financial years covered by the Ijara contract.

Foreclosed Assets

They are the assets that are repossessed by the bank to settle the debts and obligations of the borrowers without the bank having any intention of owning them. In the future, if the bank sees an investment opportunity, the bank can transfer it to real estate investment in terms of calculating provisions.

Assets that have been transferred to the bank in settlement of outstanding debts are shown in the balance sheet among other assets.

The assets that have been owned by the bank in settlement of the debts due to the value that it has transferred to the bank or at the fair value whichever is lower, and are re-evaluated at the date of the financial statements at fair value and any decline in their value is subtracted from the income statement, taking into account the ownership of the funds invested in these assets.

The value of the increase in its value is recorded as revenue, but the subsequent increase is recorded to the extent that it does not exceed the value of the decrease that was previously established, considering the ownership of the funds invested in these assets. Note that it is subject to the instructions of the Central Bank of Jordan.

Investment in Real Estate

It is the acquisition of real estate to obtain periodical income or in anticipation of the increase of value thereof or both. Initially, the investment in real estate is recognized at cost plus direct cost, and it is subsequently measured depending on its application whether for utilization (cost or fair value model) or for sale. When the Bank approves either model, it has to apply it to all investments in real estate.

a. Investment in Real Estate Held–for-Use

The cost or fair value model is applied as follows:

Cost Model:
Investments in real estate are recorded at cost less accumulated depreciation and impairment (if any). In the event that the Bank decides to apply this model, it has to apply it to all investments in real estate.

Fair Value Model:
Investments are measured at fair value, and the increase in value is recorded in the fair value reserve. Moreover, any decrease in fair value is deducted from previously recorded increase. If there is no increase in the previously recorded value, the difference is recognized in the statement of income. Furthermore, if the Bank decides to apply this model, it has to apply it to all investments in real estate.

Noting that the bank follows the cost model.

b. Investments in Real Estate Held-for-Sale
Investments in real estate are recorded at the book value or fair value less costs of sale, whichever is lower. Moreover, these investments are not depreciated. The difference is recorded in the statement of income.

Real estates may be transferred from the investment portfolio to the property and equipment portfolio or vice versa if the change in the purpose of their utilization can be established. The transfer is made at cost less deprecation if the Bank uses the cost model in measuring the portfolio's real estates. If the Bank uses the fair value model, real estates are transferred at their fair value at the date of transfer.

If real estate is transferred from the Bank's property and equipment to the investment in real estate portfolio, the transfer is made at the cost of the real estate less depreciation and impairment provision (if any) as at the date of cessation of use.

Fair value of financial assets
The closing prices (selling price) on the date of the financial statements in active markets represent the fair value of financial instruments that have market prices. If there are no actual prices or no active trading of some financial instruments or the market is inactive, the fair value is estimated by comparing it with the current market value of a similar instrument.

Valuation methods aim at obtaining a fair value that reflects market expectations and considers market factors and any expected risks or benefits when assessing the value of financial assets If there are financial assets whose fair value cannot be reliably measured, they are shown at cost after deducting any impairment in their value.

Impairment of financial assets
The Bank reviews the recorded values of the financial assets at the date of the financial position to determine whether there are indicators that indicate a decline in their value individually or in the form of a group, and in case of such indicators, the recoverable value is estimated in order to determine the impairment loss.

Provisions
Provisions are recognized when the Bank has obligations at the date of the statement of financial position arising from past events and settlement of these obligations is probable and can be measured reliably.

Investment Risk Fund

The Bank deducted 10% of the gross profits of the joint investment realized on various ongoing operations through the first four months in the year 2019 in accordance with article 55 of Banks' Law.

On 1 April 2019, a new law was issued that amends the Banks Law No. (28) of the year 2000, where Article (13) of the law had provisions on the dissolution of Article (55) from the original law. It states that no less than 10% of net recognized investment revenue on different continuing operations during the period should be deducted, with twice the amount of the Paid-in Capital being the maximum. Also, in accordance with the Central Bank of Jordan's Circular No. 9173/1/10, setting aside the surplus of the Investment Risk Fund as a provision to encounter any expected future risk for assets financed through joint investment accounts.

According to Central Bank of Jordan instructions No. 10/1/9173, the Bank allocated the balance of 30 April 2019 from the Investment Risk Fund to the provisions for projected investment losses calculated as at 30 April 2020 and the surplus in the allocations was transferred to the account for future investment losses provisions in the side of liabilities.

In the case that the required provisions are calculated as at 31 December 2020 and the following years, the surpluses in the side of the liabilities will be used until the completion of these surpluses, and in case that there is an increase in the required allocations, they will be refunded to the revenues and not transferred to the surpluses.

Property and Equipment

Property and equipment are stated at cost after deducting accumulated depreciation and any impairment in their value. Property and equipment (except for lands) are depreciated when ready for use according to the straight-line method over their expected useful lives at the following annual rates:

	Percentage
Buildings	2%
Furniture, fixture and equipment	2%-15%
Vehicles	20%
Computers	25%
Improvements and decorations	15%

The useful lives of property and equipment are reviewed at the end of each financial 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.

When the recoverable amount of any property and equipment is less than their net carrying value, their value is reduced to the recoverable amount, and the impairment loss is taken to the statement of income.

Intangible Assets

Intangible assets acquired through a method other than merger are recorded at cost.

Intangible assets are classified based on the estimation of their useful life for a definite or an indefinite period. Intangible assets with definite useful economic lives are amortized over their useful lives, and amortization is recorded in the statement of income. Furthermore, the impairment in the value of intangible assets with indefinite useful lives are reviewed at the date of the financial statements, and any impairment in their value is recorded in the statement of income.

Intangible assets resulting from the Bank's operations are not capitalized but included in the statement of income in the same year.

Indications of impairment of intangible assets are reviewed at the date of the financial statements, their useful lives are reassessed, and any adjustments are made in the subsequent years.

and systems are stated in the statement of financial position at cost after deducting accumulated amortization. They are amortized when ready for use based on the straight- line method over their expected useful lives at an annual rate of 25%.

End- of- Service Indemnity Provision

Annual indemnities paid to the employees who leave employment are recorded in the end-of- service indemnity provision when paid. Indemnity paid in excess of the provision is taken to the statement of income upon payment, and a provision for the Bank's obligations in respect of staff end- of -service indemnity is taken in the statement of income in accordance with the Bank's personnel by-laws and the provisions of the Labor Law.

Income Tax

Tax expenses represent accrued taxes and deferred taxes.

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

Taxes are calculated on the basis of the tax rates according to the prevailing Laws, Regulations and Instructions of the Hashemite Kingdom of Jordan.

Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the financial statements and the value of the taxable amount. Deferred taxes are calculated, using the financial position liability method. Moreover, these deferred taxes are calculated according to the tax rates expected to be applied upon settling the tax liability or the realization of the deferred tax assets.

Deferred tax assets are reviewed at the date of the financial statements and reduced when it is no longer probable to benefit from these tax assets partially or totally.

Accounts Managed on Behalf of Customers (restricted accounts)

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 for managing these accounts are recognized in the statement of income.

Accounts Managed by Wakalah

These represent accounts managed by the Bank as Wakalah according to a program with the Central Bank of Jordan. The funds invested by Wakalah are recognized off-the statement of financial position whereas the Bank's share from the Wakalah (returns) is recorded in the statement of income.

Realization of Income and Recognition of Expenses

Realization of income and recognition of expenses are recognized on the accrual basis, except for revenue from deferred sales and non-performing finances that are not recognized as revenue but recorded in the suspense income accounts.

Commissions are recorded as a revenue upon rendering the related services. Dividend income is recognized when earned (when approved by the General Assembly of Shareholders).

Foreign Currencies

Transactions in foreign currencies during the year are recorded at the exchange rates prevailing at the date of the transactions.

Financial assets and financial liabilities are translated based on the average exchange rates declared by the Central Bank of Jordan on the date of the financial position.

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

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

Cash and Cash Equivalents

This item represents cash and cash balances that mature within three months and comprise cash and balances at the Central Bank, and balances at banks and financial institutions less banks and financial institutions' accounts that mature within three months and restricted balances.

3. Use of estimates

Preparation of the financial statements and application of accounting policies require the Bank's Management to perform estimates and assumptions that affect the amounts of financial assets and financial liabilities, fair value reserve and disclosure of contingent liabilities. These estimates and assumptions also affect the revenue, expenses and provisions as well as the changes in fair value reported in the statement of comprehensive income. In particular, the Bank's Management is required to make significant judgements for estimating the amounts and timing of future cash flows. Moreover, the said assessments are necessarily based on several assumptions and factors with varying degrees of consideration and uncertainty. Furthermore, the actual results may differ from the estimates due to the changes resulting from the conditions of such estimates in the future. In the opinion of management, the estimates used in the financial statements are reasonable.

We believe that the estimates within the financial statements are reasonable and are detailed as follows:
A provision for lawsuits raised against the Bank is taken based on a legal study prepared by the Bank's legal advisor. Moreover, the study highlights potential risks that the Bank may encounter in the future. Such legal assessments are reviewed periodically.

Determining the provision for impairment of financial assets requires the bank's management to issue judgments to estimate the amounts of future cash flows and their timing, in addition to estimating any significant increase in the credit risk of financial assets after their initial recognition, in addition to taking into consideration future measurement information for expected credit losses.

As a result of the continuance effect of Corona virus (COVID-19) on the world economy and different business sectors and what accompanied this pandemic from restrictions and procedures which were imposed by the Jordanian government, neighboring countries, and the rest of the world, it's possible that the operating activities might get affected by the world developments which is currently affecting different economic sectors.

Although the extent and period of these effects are not clear yet as it depends on future developments that can't be forecasted precisely in the meantime, the bank has adjusted the macroeconomics factors based on the latest issuance of the International Monetary Fund, which negatively affected the calculation of expected credit loss (ECL).

The Bank has postponed the financing installments of clients of the economic sectors affected by companies and individuals and made schedules without adding any profit, considered the duration of the contractual financing is the extended period after the deferral of the installments is taken into account, where the deferred profits are extinguished on the extended contractual period of financing, in addition to the statement issued by the Accounting Board of the Accounting And Auditing Authority of Islamic Financial Institutions a statement "the implications and consequences of the Corona epidemic" on May 21, 2020 to provide classification and explanations regarding the treatment of In accordance with the financial accounting standards issued by the Accounting and Auditing Authority of Islamic Financial Institutions, it is not permissible to calculate the current value of the funds or apply the concept of missed opportunity. Although it is difficult to assess the substantial increase in credit risk under the current circumstances, the Bank has distinguished between customers whose credit risk is unlikely to change significantly from those who may be permanently affected, the Bank considered that some customers in certain sectors are at greater credit risk and therefore the likelihood of default has increased.

Methodology for applying International Accounting Standard No. 30 and International Financial Reporting Standards No. 9 (Financial Instruments): Inputs, mechanisms and assumptions used to calculate expected credit losses

The key concepts with a fundamental impact that require a high degree of management diligence that have been considered by the Bank when applying the standard include:

Assessing the substantial increase in credit risk:

To assess whether the credit risk on a financial asset has increased significantly since the date of its inception, the Group compares the risk of default occurring over the expected life of the financial asset at the reporting date to the corresponding risk of default at origination, using key risk indicators that are used in the Group's existing risk management processes.

Our assessment of significant increases in credit risk will be performed at least quarterly for each individual exposure based on three factors. If any of the following factors indicates that a significant increase in credit risk has occurred, the instrument will be moved from Stage 1 to Stage 2:

1. We have set limits to measure the substance of credit risk based on the change in the risk of a financial instrument stumble compared to the date of its inception.
2. In addition to using qualitative factors to assess the results of the change in the classification stages or make adjustments to reflect the situation of the significant increase in credit risk.
3. IAS 30 and IFRS (9) (financial instruments) includes an assumption of a significant increase in the credit risk of financial instruments that have defaulted and matured for more than 30 days. Within the instructions of the Central Bank of Jordan, it is assumed that there is a significant increase in the credit risk of financial instruments that have defaulted and are due for more than 30 days.

Macroeconomic Factors, Forward Looking Information and Use of Multiple Scenarios

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

Probability of default (PD), loss given default (LGD) and Exposure At Default (EAD) inputs used to estimate Stage 1 and Stage 2 credit loss allowances are designed based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in relation to the portfolio.

Each macroeconomic scenario used in expected credit loss calculation will have forecasts of the relevant macroeconomic variables.

The estimation of expected credit losses in Stage 1 and Stage 2 will be a discounted probability-weighted estimate that considers a minimum of three future macroeconomic scenarios.

The base case scenario will be based on macroeconomic forecasts (e.g.: GDP, inflation, Murabaha profit rate). Upside and downside scenarios will be set based on reasonably possible alternative macroeconomic conditions. Due to the recent developments and the abnormal situation resulted from COVID-19, an additional downside scenario was used by the management for calculating the ECL for the year ended 31 December 2020. Accordingly, the Bank has updated the macroeconomic factors used for calculating the ECL for the year ended 31 December 2020 in addition to changing macroeconomics probabilities through calculating a higher probability for the downside scenario:

Year	Downside Scenario	Upside Scenario	Base Scenario	Worse Scenario
2020	20%	15%	35%	30%
2019	30%	30%	40%	-

Scenarios will be probability-weighted according to the best estimate of their relative likelihood based on historical frequency and current conditions. Probability weights will be evaluated on a quarterly basis. Further measures taken by the Bank to counter the effects (Covid-19) are to adjust the discount rate on the value of real estate collaterals to 30% instead of 20% and mechanisms to 65% instead of 50%.

Additional allocations have been made to the affected sectors.

Definition of default

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

Defaults are defined by the bank if in the event that is it ascertained that the customer may not fully pay his obligations or if the customer is due on a substantial value from the facilities for a period of 90 days or more.

Expected Life

When measuring ECL, the Group must consider the maximum contractual period over which the Bank is exposed to credit risk. All contractual terms should be considered when determining the expected life, including prepayment options and extension and rollover options. For certain revolving credit facilities that do not have a fixed maturity, the expected life is estimated based on the period over which the Group is exposed to credit risk and where the credit losses would not be mitigated by management.

The financial period is charged with its share of the income tax expense in accordance with the accounting regulations, laws and standards; and the necessary tax provision is calculated.

Management carries out a periodical review of financial assets recorded at cost to estimate any impairment in their value. This impairment (if any) is recorded in the income statement for the year.

The management re-estimates the useful lives of tangible and intangible assets periodically for the purpose of calculating annual depreciation and amortization depending on the general condition of those assets and estimates of the expected productive work in the future, and the impairment loss (if any) is taken in the income statement.

Fair value measurement: The standard requires determination and disclosure of the level in the fair value hierarchy into which the fair value measurements are categorized in their entirety, segregating fair value measurements in accordance with the levels defined in IFRSs. The difference between level (2) and level (3) of the fair value measurements, i.e., assessing whether the inputs are observable and whether the unobservable inputs are significant. This may require judgement and careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability.

Useful lives of tangible and intangible assets:

Management estimates the useful lives of tangible and intangible assets upon initial recognition. Moreover, Management periodically re-assesses the useful lives of tangible and intangible assets to calculate annual depreciation and amortization based on the general condition of those assets and estimates of the productive activities expected in the future. The impairment loss (if any) is charged to the statement of income. The factors that affect the estimated useful lives of tangible and intangible assets include Management's estimates for the period in which the Bank is expected to use these assets as well as technological development and obsolescence.

The difference between the useful lives of tangible and intangible assets and Management's estimates significantly affect the depreciation expense which in return will significantly affect the income statement.

The management evaluates the real estate within the real estate investment portfolio periodically, and an allowance is taken for any decrease in its value within the provision for future expected credit losses, as the portfolio is within the joint investment and the bank follows the cost model, and the buildings are depreciated using a straight-line method within this portfolio at a rate of 2% annually.

Significant estimates related to determining the duration of the lease contract for contracts that include the option to renew the contract.

The Bank determines the duration of the lease contract as a non-cancellable period, considering the periods covered by the option to extend the lease if this option is certain to be exercised, or any periods related to the option to terminate the lease, if it is certain that the Bank does not exercise this option.

Under some lease contracts, the Bank has the right to lease the assets for additional periods. The Bank makes some estimates when assessing whether it is certain to exercise the renewal option.

Discount rate:	2%
Average life of lease contracts:	5-10 years

This means that the Bank considers all relevant factors that constitute an economic incentive to exercise the option of renewal. Subsequently, the bank reassesses the term of the lease in the event of a significant event or change in the conditions under its control, which may affect its ability to exercise (or not exercise) the renewal option (for example, a change in the business strategy).

The Bank has included the renewal period as part of the lease duration due to the importance of these assets in its operations. The contract term that is not subject to termination for some of these assets is relatively short and in the event that these contracts are cancelled, the operational process will be negatively affected in the absence of alternatives to these assets.

4. Cash and Balances with Central Bank of Jordan

This item consists of the following:

	31 December 2020	31 December 2019
	JD	JD
Cash in vaults	41,859,436	34,257,420
Balances with Central Bank of Jordan		
Current and call accounts	666,582,415	544,107,025
Statutory cash reserve	87,525,094	121,523,501
Total	795,966,945	699,887,946

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

According to the Central Bank of Jordan circulation 10/5/8772 on 20 July 2020, the Central Bank of Jordan has amended the percentages of which is used to calculate statutory cash reserves to be 6% for the current and term deposits, and 4% for joint investments deposits (2019: 7% for the term, current and joint investment deposits).

The expected credit losses provision has not been calculated for the Central Bank of Jordan balances, as they are exposures to Jordanian government.

The movement on the balances at Central Bank of Jordan is as follows:

	Stage 1	
	31 December 2020	31 December 2019
	JD	JD
Balances at the beginning of the year	665,630,526	540,364,360
New balances during the year	2,130,278,299	1,957,090,106
Paid balances	(2,041,801,316)	(1,831,823,940)
Balance at the end of the year	754,107,509	665,630,526

5. Balances with Banks and Financial Institutions

The details for this item as follow:

	Local Banks and financial institutions		Foreign Banks and financial institutions		Total	
	31 December		31 December		31 December	
	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD
Current and call accounts	12,273,440	17,624,133	3,281,714	1,178,773	15,555,154	18,802,906
	12,273,440	17,624,133	3,281,714	1,178,773	15,555,154	18,802,906

There are no restricted cash balances as at 31 December 2020 and 2019.

The balances with Banks and financial institutions are all current account to cover the operations of the bank and there is no need to calculate a provision for expected credit loss according to the FAS (30) and IFRS (9)

The movement on the balances with Banks and financial institutions is as follows:

	Stage 1	
	31 December 2020	31 December 2019
	JD	JD
Balances at the beginning of the year	18,802,906	20,438,681
New balances during the year	6,269,717,396	1,310,158,269
Paid balances	(6,272,965,148)	(1,311,794,044)
Balance at the end of the year	15,555,154	18,802,906

6. Deferred Sales Receivables and other Receivables - Net

The details for this item as follow:

	Joint		Self-financed		Total	
	31 December		31 December		31 December	
	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD
Retail						
Murabaha to purchase order	306,608,693	259,292,411	-	-	306,608,693	259,292,411
Ju’alah guarantees	8,486,013	6,497,115	-	-	8,486,013	6,497,115
Receivables – Ijara Muntahia Bittamleek	2,624,846	1,533,603	-	-	2,624,846	1,533,603
Real estate finances	150,726,306	149,686,987	-	-	150,726,306	149,686,987
Corporates						
International Murabaha	133,503,299	140,271,609	456,490	458,372	133,959,789	140,729,981
Murabaha to purchase order	221,312,385	222,036,262	2,919,134	3,103,330	224,231,519	225,139,592
Receivables – Ijara Muntahia Bittamleek	1,047,679	2,101,727	-	-	1,047,679	2,101,727
Ju’alah guarantees	1,924	-	-	-	1,924	-
Small and Medium Enterprises						
Murabaha to purchase order	103,618,579	63,253,216	-	-	103,618,579	63,253,216
Ju’alah guarantees	24,530	12,487	-	-	24,530	12,487
Receivables – Ijara Muntahia Bittamleek	858,438	741,487	3,748	11,001	862,186	752,488
Total	**928,812,692**	**845,426,904**	**3,379,372**	**3,572,703**	**932,192,064**	**848,999,607**
Less: deferred revenue	60,503,939	63,690,469	184	301	60,504,123	63,690,770
Expected credit loss provision	31,863,862	28,182,036	3,273,552	3,465,205	35,137,414	31,647,241
Revenues in suspense	2,321,875	1,987,729	17,085	23,035	2,338,960	2,010,764
Net deferred sales receivables and other receivables	834,123,016	751,566,670	88,551	84,162	834,211,567	751,650,832

Expected credit loss Provision for Deferred Sales Receivables, and Al-Qard Al-Hasan - Self
The following is the movement on the expected credit losses:

2020	Retail	Corporates	Small and Medium Enterprises	Total
	JD	JD	JD	JD
Balance at the beginning of the year	608,747	3,341,488	213,601	4,163,836
Expected credit losses provision	27,084	71,564	-	98,648
Recoveries from ECl	(43,027)	(141,856)	(47,491)	(232,374)
Settlements during the year	71,031	(75,442)	4,411	-
Balance at the end of the year	663,835	3,195,754	170,521	4,030,110
Provision for ECL of non- performing sales receivables stage3 on individual customer basis	608,465	3,188,379	165,976	3,962,820
Provision for ECL of watch-list sales receivables- stage2 on individual customer basis	27,887	4,424	1,455	33,766
Provision for ECL on performing sales receivable- stage1 on individual customer basis	27,483	2,951	3,090	33,524
Balance at the end of the year	663,835	3,195,754	170,521	4,030,110
2019				
Balance at the beginning of the year	345,613	3,213,789	202,499	3,761,901
Expected credit losses provision	-	315,072	-	315,072
Recoveries from ECL	-	(120,072)	-	(120,072)
Settlements during the year	263,134	(67,301)	11,102	206,935
Balance at the end of the year	608,747	3,341,488	213,601	4,163,836
Provision for ECL of non- performing sales receivables stage3 on individual customer basis	531,532	3,339,732	213,467	4,084,731
Provision for ECL of watch-list sales receivables- stage2 on individual customer basis	1,085	1,429	40	2,554
Provision for ECL on performing sales receivable- stage1 on individual customer basis	76,130	327	94	76,551
Balance at the end of the year	608,747	3,341,488	213,601	4,163,836

The total provisions prepared for debts calculated on individual customer basis have been disclosed.

Provisions no longer required due to settlements or re-payment of debts and transferred against receivables and other finances amounted to JD 232,374 as at 31 December 2020 (JD 120,072 as at 31 December 2019).

Subsequently to the issuance of the new law that amended Banking Law No. 28 of the year 2000 on 1 April 2019 where Article (13) of the law had provisions on the dissolution of Article (55) from the original law. It states that no less than 10% of net recognized investment revenue on different continuing operations during the period should be deducted, with twice the amount of the Paid-in Capital being the maximum. Also, in accordance with the Central Bank of Jordan's Circular No. 9173/1/10, setting aside the surplus of the investment risk fund as a provision to encounter any expected future risk for assets financed through joint investment accounts. All the provisions that were no longer required as a result of settlement or payment of debts for debts were released – joint to income.

Direct facilities at amortized cost according to bank's internal rating as at 31 December 2020 as follows:

Item	Joint				Self				Total				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	2019
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Low risk	8,202,296	-	-	8,202,296	-	-	-	-	8,202,296	-	-	8,202,296	13,070,389
Acceptable	782,872,363	25,130,580	-	808,002,943	52,008,088	201,340	-	52,209,428	834,880,451	25,331,920	-	860,212,371	778,758,678
Watch list	-	26,136,553	-	26,136,553	-	9,870	-	9,870	-	26,146,423	-	26,146,423	11,361,691
Non-performing debt	-	-	25,966,961	25,966,961	-	-	4,131,225	4,131,225	-	-	30,098,186	30,098,186	30,914,813
Substandard	-	-	2,210,076	2,210,076	-	-	24,798	24,798	-	-	2,234,874	2,234,874	2,472,172
Doubtful	-	-	785,958	785,958	-	-	56,480	56,480	-	-	842,438	842,438	2,907,540
Bad debts	-	-	22,970,927	22,970,927	-	-	4,049,947	4,049,947	-	-	27,020,874	27,020,874	25,535,101
Total	791,074,659	51,267,133	25,966,961	868,308,753	52,008,088	211,210	4,131,225	56,350,523	843,082,747	51,478,343	30,098,186	924,659,276	834,105,571

The movement on balances of direct facilities loans at amortized cost as at 31 December 2020:

Item	Joint				Self				Total				2019
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	726,803,288	28,287,209	26,645,938	781,736,435	47,988,163	112,098	4,268,875	52,369,136	774,791,451	28,399,307	30,914,813	834,105,571	844,480,147
New facilities granted during the year	226,113,494	7,326,101	1,471,705	234,911,300	11,513,361	199,092	197,011	11,909,464	237,626,855	7,525,193	1,668,716	246,820,764	333,142,413
Settled facilities	(133,208,769)	(10,606,484)	(4,523,729)	(148,338,982)	(7,500,783)	(95,935)	(331,359)	(7,928,077)	(140,709,552)	(10,702,419)	(4,855,088)	(156,267,059)	(343,516,989)
Transferred to stage 1	9,597,145	(8,675,756)	(921,389)	-	20,602	(7,519)	(13,083)	-	9,617,747	(8,683,275)	(934,472)	-	-
Transferred to stage 2	(35,532,446)	36,043,393	(510,947)	-	(7,250)	7,250	-	-	(35,539,696)	36,050,643	(510,947)	-	-
Transferred to stage 3	(2,698,053)	(1,107,330)	3,805,383	-	(6,005)	(3,776)	9,781	-	(2,704,058)	(1,111,106)	3,815,164	-	-
Total balance at the end of the year	791,074,659	51,267,133	25,966,961	868,308,753	52,008,088	211,210	4,131,225	56,350,523	843,082,747	51,478,343	30,098,186	924,659,276	834,105,571

Following is the movement on expected credit loss provision as at 31 December 2020:

Item	Joint				Self				Total				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	2019
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance at beginning of the year	2,393,759	1,494,835	24,293,442	28,182,036	76,551	2,554	4,084,731	4,163,836	2,470,310	1,497,389	28,378,173	32,345,872	23,502,061
Provision for expected credit loss	-	-	-	-	-	31,212	67,436	98,648	-	31,212	67,436	98,648	315,072
Recoveries from expected credit loss provision	(1,047,786)	(165,400)	(1,934,300)	(3,147,486)	(43,027)	-	(189,347)	(232,374)	(1,090,813)	(165,400)	(2,123,647)	(3,379,860)	(3,652,646)
Transferred to stage 1	537,875	(449,825)	(88,050)	-	13,457	(208)	(13,249)	-	551,332	(450,033)	(101,299)	-	-
Transferred to stage 2	(370,511)	820,585	(450,074)	-	-	-	-	-	(370,511)	820,585	(450,074)	-	-
Transferred to stage 3	(70,572)	(75,095)	145,667	-	(9)	(298)	307	-	(70,581)	(75,393)	145,974	-	-
Adjustments during the year	1,459,339	2,755,051	2,614,922	6,829,312	(13,448)	506	12,942	-	1,445,891	2,755,557	2,627,864	6,829,312	12,181,385
Total balance at the end of year	2,902,104	4,380,151	24,581,607	31,863,862	33,524	33,766	3,962,820	4,030,110	2,935,628	4,413,917	28,544,427	35,893,972	32,345,872

Direct credit facilities at amortized cost according to bank's internal rating – Large corporates as at 31 December 2020 as follows:

Item	Joint				Self				Total				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	2019
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Low risk	3,878,960	-	-	3,878,960	-	-	-	-	3,878,960	-	-	3,878,960	8,255,533
Acceptable	297,920,005	12,100,575	-	310,020,580	1,334,330	11,098	-	1,345,428	299,254,335	12,111,673	-	311,366,008	328,430,266
Watch list	-	18,906,643	-	18,906,643	-	-	-	-	-	18,906,643	-	18,906,643	4,589,501
Non-performing debt	-	-	15,867,072	15,867,072	-	-	3,356,784	3,356,784	-	-	19,223,856	19,223,856	20,037,365
Substandard	-	-	677,308	677,308	-	-	-	-	-	-	677,308	677,308	203,630
Doubtful	-	-	-	-	-	-	-	-	-	-	-	-	1,230,417
Bad debts	-	-	15,189,764	15,189,764	-	-	3,356,784	3,356,784	-	-	18,546,548	18,546,548	18,603,318
Total	301,798,965	31,007,218	15,867,072	348,673,255	1,334,330	11,098	3,356,784	4,702,212	303,133,295	31,018,316	19,223,856	353,375,467	361,312,665

Following is the movement on direct credit facilities at amortized cost – large corporates as at 31 December 2020:

Item	Joint				Self				Total				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	2019
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	325,462,536	14,335,395	16,519,556	356,317,487	1,412,736	64,633	3,517,809	4,995,178	326,875,272	14,400,028	20,037,365	361,312,665	377,907,331
New facilities granted during the year	30,948,987	1,906,666	1,319,503	34,175,156	10,367	11,097	26,828	48,292	30,959,354	1,917,763	1,346,331	34,223,448	148,197,098
Settled facilities	(33,622,707)	(5,994,877)	(2,201,804)	(41,819,388)	(89,676)	(64,632)	(186,950)	(341,258)	(33,712,383)	(6,059,509)	(2,388,754)	(42,160,646)	(164,791,764)
Transferred to stage 1	6,068,453	(5,490,119)	(578,334)	-	903	-	(903)	-	6,069,356	(5,490,119)	(579,237)	-	-
Transferred to stage 2	(26,250,153)	26,250,153	-	-	-	-	-	-	(26,250,153)	26,250,153	-	-	-
Transferred to stage 3	(808,151)	-	808,151	-	-	-	-	-	(808,151)	-	808,151	-	-
Total balance at the end of year	301,798,965	31,007,218	15,867,072	348,673,255	1,334,330	11,098	3,356,784	4,702,212	303,133,295	31,018,316	19,223,856	353,375,467	361,312,665

Following is the movement on expected credit loss– large corporates as at 31 December 2020:

Item	Joint				Self				Total				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	2019
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance at beginning of the year	1,141,602	596,914	18,127,437	19,865,953	327	1,429	3,339,732	3,341,488	1,141,929	598,343	21,467,169	23,207,441	17,125,677
Provision for expected credit loss	-	-	-	-	-	4,128	67,436	71,564	-	4,128	67,436	71,564	315,072
Recoveries from expected credit loss provision	(430,140)	(134,022)	(1,173,821)	(1,737,983)	-	-	(141,856)	(141,856)	(430,140)	(134,022)	(1,315,677)	(1,879,839)	(2,393,935)
Transferred to stage 1	270,481	(270,481)	-	-	903	-	(903)	-	271,384	(270,481)	(903)	-	-
Transferred to stage 2	(257,455)	257,455	-	-	-	-	-	-	(257,455)	257,455	-	-	-
Transferred to stage 3	(1,367)	-	1,367	-	-	-	-	-	(1,367)	-	1,367	-	-
Adjustments during the year	936,891	1,792,425	1,246,063	3,975,379	1,721	(1,133)	(76,030)	(75,442)	938,612	1,791,292	1,170,033	3,899,937	8,160,627
Total balance at the end of year	1,660,012	2,242,291	18,201,046	22,103,349	2,951	4,424	3,188,379	3,195,754	1,662,963	2,246,715	21,389,425	25,299,103	23,207,441

Direct credit facilities at amortized cost according to Bank's internal rating – Small and Medium Enterprises as at 31 December 2020 as follows:

Item	Joint				Self				Total				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	2019
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Low risk	3,210,115	-	-	3,210,115	-	-	-	-	3,210,115	-	-	3,210,115	3,593,322
Acceptable	82,459,056	7,841,892	-	90,300,948	125,708	12,561	-	138,269	82,584,764	7,854,453	-	90,439,217	51,416,940
Watch list	-	3,138,212	-	3,138,212	-	502	-	502	-	3,138,714	-	3,138,714	995,353
Non-performing debt	-	-	3,929,178	3,929,178	-	-	165,976	165,976	-	-	4,095,154	4,095,154	4,596,939
Substandard	-	-	199,401	199,401	-	-	117	117	-	-	199,518	199,518	760,759
Doubtful	-	-	77,070	77,070	-	-	1,070	1,070	-	-	78,140	78,140	385,559
Bad debts	-	-	3,652,707	3,652,707	-	-	164,789	164,789	-	-	3,817,496	3,817,496	3,450,621
Total	85,669,171	10,980,104	3,929,178	100,578,453	125,708	13,063	165,976	304,747	85,794,879	10,993,167	4,095,154	100,883,200	60,602,554

Following is the movement on direct credit facilities at amortized cost – Small and Medium Enterprises as at 31 December 2020:

Item	Joint				Self				Total				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	2019
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance at beginning of the year	50,961,172	4,974,109	4,377,405	60,312,686	60,059	10,275	219,534	289,868	51,021,231	4,984,384	4,596,939	60,602,554	54,532,301
New facilities granted during the year	45,661,551	3,554,592	-	49,216,143	116,503	7,137	-	123,640	45,778,054	3,561,729	-	49,339,783	40,616,447
Settled facilities	(7,006,373)	(854,185)	(1,089,818)	(8,950,376)	(50,854)	(4,349)	(53,558)	(108,761)	(7,057,227)	(858,534)	(1,143,376)	(9,059,137)	(34,546,194)
Transferred to stage 1	1,026,321	(1,026,321)	-	-	-	-	-	-	1,026,321	(1,026,321)	-	-	-
Transferred to stage 2	(4,689,220)	4,831,229	(142,009)	-	-	-	-	-	(4,689,220)	4,831,229	(142,009)	-	-
Transferred to stage 3	(284,280)	(499,320)	783,600	-	-	-	-	-	(284,280)	(499,320)	783,600	-	-
Total balance at the end of year	85,669,171	10,980,104	3,929,178	100,578,453	125,708	13,063	165,976	304,747	85,794,879	10,993,167	4,095,154	100,883,200	60,602,554

Following is the movement on expected credit loss – Small and Medium Enterprises as at 31 December 2020:

Item	Joint				Self				Total				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	2019
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance at beginning of the year	258,937	272,141	2,815,163	3,346,241	94	40	213,467	213,601	259,031	272,181	3,028,630	3,559,842	2,746,606
Provision for expected credit loss	-	-	-	-	-	-	-	-	-	-	-	-	-
Recoveries from expected credit loss	(86,363)	(11,231)	(152,108)	(249,702)	-	-	(47,491)	(47,491)	(86,363)	(11,231)	(199,599)	(297,193)	(857,446)
Transferred to stage 1	30,272	(30,272)	-	-	-	-	-	-	30,272	(30,272)	-	-	-
Transferred to stage 2	(77,643)	126,840	(49,197)	-	-	-	-	-	(77,643)	126,840	(49,197)	-	-
Transferred to stage 3	(4,862)	(24,497)	29,359	-	-	-	-	-	(4,862)	(24,497)	29,359	-	-
Adjustments during the year	473,762	589,786	188,768	1,252,316	2,996	1,415	-	4,411	476,758	591,201	188,768	1,256,727	1,670,682
Total balance at the end of year	594,103	922,767	2,831,985	4,348,855	3,090	1,455	165,976	170,521	597,193	924,222	2,997,961	4,519,376	3,559,842

Direct credit facilities at amortized cost as internal rating of the Bank – Real estates as at 31 December 2020 as follows:

Item	Joint				Self				Total				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	2019
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Low risk	-	-	-	-	-	-	-	-	-	-	-	-	-
Acceptable	122,340,217	4,205,421	-	126,545,638	-	-	-	-	122,340,217	4,205,421	-	126,545,638	122,501,277
Watch list	-	3,005,054	-	3,005,054	-	-	-	-	-	3,005,054	-	3,005,054	4,220,946
Non-performing debt	-	-	3,019,248	3,019,248	-	-	-	-	-	-	3,019,248	3,019,248	3,202,782
Substandard	-	-	847,562	847,562	-	-	-	-	-	-	847,562	847,562	845,758
Doubtful	-	-	102,238	102,238	-	-	-	-	-	-	102,238	102,238	466,082
Bad debts	-	-	2,069,448	2,069,448	-	-	-	-	-	-	2,069,448	2,069,448	1,890,942
Total	122,340,217	7,210,475	3,019,248	132,569,940	-	-	-	-	122,340,217	7,210,475	3,019,248	132,569,940	129,925,005

Following is the movement on direct credit facilities at amortized cost – Real estates as at 31 December 2020:

Item	Joint				Self				Total				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	2019
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance at beginning of the year	120,321,162	6,401,061	3,202,782	129,925,005	-	-	-	-	120,321,162	6,401,061	3,202,782	129,925,005	144,412,988
Facilities granted during the year	39,142,899	1,485,502	-	40,628,401	-	-	-	-	39,142,899	1,485,502	-	40,628,401	42,949,982
Settled facilities	(34,337,720)	(2,849,830)	(795,916)	(37,983,466)	-	-	-	-	(34,337,720)	(2,849,830)	(795,916)	(37,983,466)	(57,437,965)
Transferred to stage 1	1,160,864	(1,125,263)	(35,601)	-	-	-	-	-	1,160,864	(1,125,263)	(35,601)	-	-
Transferred to stage 2	(3,102,127)	3,423,028	(320,901)	-	-	-	-	-	(3,102,127)	3,423,028	(320,901)	-	-
Transferred to stage 3	(844,861)	(124,023)	968,884	-	-	-	-	-	(844,861)	(124,023)	968,884	-	-
Total balance at the end of year	122,340,217	7,210,475	3,019,248	132,569,940	-	-	-	-	122,340,217	7,210,475	3,019,248	132,569,940	129,925,005

Following is the movement on expected credit loss – Real estates as at 31 December 2020:

Item	Joint				Self				Total				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	2019
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance at beginning of the year	283,309	488,097	1,556,242	2,327,648	-	-	-	-	283,309	488,097	1,556,242	2,327,648	1,900,132
Provision for expected credit loss	-	-	-	-	-	-	-	-	-	-	-	-	-
Recoveries from expected credit loss	-	-	(154,641)	(154,641)	-	-	-	-	-	-	(154,641)	(154,641)	-
Transferred to stage 1	103,956	(103,956)	-	-	-	-	-	-	103,956	(103,956)	-	-	-
Transferred to stage 2	(22,920)	339,590	(316,670)	-	-	-	-	-	(22,920)	339,590	(316,670)	-	-
Transferred to stage 3	(57,270)	(297)	57,567	-	-	-	-	-	(57,270)	(297)	57,567	-	-
Adjustments during the year	(10,049)	118,247	138,474	246,672	-	-	-	-	(10,049)	118,247	138,474	246,672	427,516
Total balance at the end of year	297,026	841,681	1,280,972	2,419,679	-	-	-	-	297,026	841,681	1,280,972	2,419,679	2,327,648

Direct credit facilities at amortized cost according to Bank's internal rating – Retail as at 31 December 2020 as follows:

Item	Joint				Self				Total				2019
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Low risk	1,113,221	-	-	1,113,221	-	-	-	-	1,113,221	-	-	1,113,221	1,221,534
Acceptable	280,153,085	982,692	-	281,135,777	50,548,050	177,681	-	50,725,731	330,701,135	1,160,373	-	331,861,508	276,410,195
Watch list	-	1,086,644	-	1,086,644	-	9,368	-	9,368	-	1,096,012	-	1,096,012	1,555,891
Non-performing debt	-	-	3,151,463	3,151,463	-	-	608,465	608,465	-	-	3,759,928	3,759,928	3,077,727
Substandard	-	-	485,805	485,805	-	-	24,681	24,681	-	-	510,486	510,486	662,025
Doubtful	-	-	606,650	606,650	-	-	55,410	55,410	-	-	662,060	662,060	825,482
Bad debts	-	-	2,059,008	2,059,008	-	-	528,374	528,374	-	-	2,587,382	2,587,382	1,590,220
Total	281,266,306	2,069,336	3,151,463	286,487,105	50,548,050	187,049	608,465	51,343,564	331,814,356	2,256,385	3,759,928	337,830,669	282,265,347

Following is the movement on direct credit facilities at amortized cost – Retail as at 31 December 2020:

Item	Joint				Self				Total				2019
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance at beginning of the year	230,058,418	2,576,644	2,546,195	235,181,257	46,515,368	37,190	531,532	47,084,090	276,573,786	2,613,834	3,077,727	282,265,347	267,627,527
Granted facilities during the year	110,360,057	379,341	152,202	110,891,600	11,386,491	180,858	170,183	11,737,532	121,746,548	560,199	322,385	122,629,132	101,378,886
Settled facilities	(58,241,969)	(907,592)	(436,191)	(59,585,752)	(7,360,253)	(26,954)	(90,851)	(7,478,058)	(65,602,222)	(934,546)	(527,042)	(67,063,810)	(86,741,066)
Transferred to stage 1	1,341,507	(1,034,053)	(307,454)	-	19,699	(7,519)	(12,180)	-	1,361,206	(1,041,572)	(319,634)	-	-
Transferred to stage 2	(1,490,946)	1,538,983	(48,037)	-	(7,250)	7,250	-	-	(1,498,196)	1,546,233	(48,037)	-	-
Transferred to stage 3	(760,761)	(483,987)	1,244,748	-	(6,005)	(3,776)	9,781	-	(766,766)	(487,763)	1,254,529	-	-
Total balance at the end of year	281,266,306	2,069,336	3,151,463	286,487,105	50,548,050	187,049	608,465	51,343,564	331,814,356	2,256,385	3,759,928	337,830,669	282,265,347

Following is the movement on expected credit loss – Retail as at 31 December 2020:

Item	Joint				Self				Total				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	2019
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance at beginning of the year	709,911	137,683	1,794,600	2,642,194	76,130	1,085	531,532	608,747	786,041	138,768	2,326,132	3,250,941	1,729,646
Provision for expected credit loss	-	-	-	-	-	27,084	-	27,084	-	27,084	-	27,084	-
Recoveries from expected credit loss	(531,283)	(20,147)	(453,730)	(1,005,160)	(43,027)	-	-	(43,027)	(574,310)	(20,147)	(453,730)	(1,048,187)	(401,265)
Transferred to stage 1	133,166	(45,116)	(88,050)	-	12,554	(208)	(12,346)	-	145,720	(45,324)	(100,396)	-	-
Transferred to stage 2	(12,493)	96,700	(84,207)	-	-	-	-	-	(12,493)	96,700	(84,207)	-	-
Transferred to stage 3	(7,073)	(50,301)	57,374	-	(9)	(298)	307	-	(7,082)	(50,599)	57,681	-	-
Adjustments during the year	58,735	254,593	1,041,617	1,354,945	(18,165)	224	88,972	71,031	40,570	254,817	1,130,589	1,425,976	1,922,560
Total balance at the end of year	350,963	373,412	2,267,604	2,991,979	27,483	27,887	608,465	663,835	378,446	401,299	2,876,069	3,655,814	3,250,941

Revenue in Suspense

The following is the movement on the revenue in suspense:

	Self					
	Small and Medium Enterprises		Corporates		Total	
	31 December		31 December		31 December	
	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	6,067	-	16,968	16,862	23,035	16,862
Add: Revenue suspended during the year	21,258	9,610	117	106	21,375	9,716
Less: Revenue in suspense transferred to income	(27,325)	(3,543)	-	-	(27,325)	(3,543)
Balance at the end of the year	-	6,067	17,085	16,968	17,085	23,035

2020	Joint				Total
	Retail	Corporates			
		Real estate finances	Large	Small and medium enterprises	
	JD	JD	JD	JD	JD
Balance at the beginning of the year	287,178	158,260	1,132,256	410,035	1,987,729
Add: Revenue suspended during the year	375,307	226,449	495,356	389,985	1,487,097
Less: Revenue in suspense transferred to income	(172,509)	(84,465)	(678,392)	(217,585)	(1,152,951)
settlements	2,274	(20,864)	15,056	3,534	-
Balance at the end of the year	492,250	279,380	964,276	585,969	2,321,875
2019					
Balance at the beginning of the year	213,705	79,036	634,305	404,485	1,331,531
Add: Revenue suspended during the year	219,481	141,433	1,134,598	181,474	1,676,986
Less: Revenue in suspense transferred to income	(125,052)	(62,028)	(650,749)	(183,379)	(1,021,208)
settlements	(20,956)	(181)	14,102	7,455	420
Balance at the end of the year	287,178	158,260	1,132,256	410,035	1,987,729

Non-performing Deferred sales receivables, other receivables and Al-Qard Al-Hasan loans amounted to JD 30,098,186 which represents 3.05% of deferred sales receivables and other receivables and Al-Qard Al-Hasan loans balance for the year compared to JD 30,914,813, which represents 3.4% of the granted balance as at 31 December 2019.

Non-performing deferred sales receivables, other receivables and Al-Qard Al-Hasan loans after deducting the suspended revenues amounted to JD 27,759,226 , which represents 2.8% of deferred sales receivables and other receivables and Al-Qard Al-Hasan loans balance after deducting the suspended revenue for the year compared to JD 28,906,530, which represents 3.2% of the granted balance as at 31 December 2019.

The movement on segmented expected credit loss as at 31 December 2020 – self as follows:

Item (JD)	Self					2019
	Corporates	Small and medium enterprises	Retail	Real estate finances	Total	Total
Balance at the beginning of the year	3,341,488	213,601	608,747	-	4,163,836	3,761,901
ECL for new facilities during the year	71,564	-	27,084	-	98,648	315,072
Recoveries from ECL for settled facilities	(141,856)	(47,491)	(43,027)	-	(232,374)	(120,072)
Transferred to stage 1	903	-	12,554	-	13,457	546
Transferred to stage 2	-	-	-	-	-	36
Transferred to stage 3	-	-	307	-	307	792
Effect on provision – as at end of year as a result of reclassification between three stages during a year	903	-	12,861	-	13,764	1,374
adjustments during the year	(76,345)	4,411	58,170	-	(13,764)	205,561
Balance at the end of the year	3,195,754	170,521	663,835	-	4,030,110	4,163,836

The movement on segmented expected credit loss as at 31 December 2020 – joint as follows:

Item (JD)	Joint					2019
	corporates	Small and medium enterprises	Retail	Real estate finances	Total	Total
Balance at the beginning of the year	19,865,953	3,346,241	2,642,194	2,327,648	28,182,036	19,740,160
ECL for new facilities during the year	-	-	-	-	-	-
Recoveries from ECL for settled facilities	(1,737,983)	(249,702)	(1,005,160)	(154,641)	(3,147,486)	(3,532,574)
Transferred to stage 1	270,481	30,272	133,166	103,956	537,875	259,944
Transferred to stage 2	257,455	126,840	96,700	339,590	820,585	916,792
Transferred to stage 3	1,367	29,359	57,374	57,567	145,667	136,542
Effect on provision – as at end of year as a result of reclassification between three stages during a year	529,303	186,471	287,240	501,113	1,504,127	1,313,278
adjustments during the year	3,446,076	1,065,845	1,067,705	(254,441)	5,325,185	10,661,172
Balance at the end of the year	22,103,349	4,348,855	2,991,979	2,419,679	31,863,862	28,182,036

7. Deferred Sales Receivables through the Statement of Income

The sales receivables through the statement of income- self amounted to JD 6,513,267 and an impairment provision for sales receivables of JD 6,513,267 was taken.

8. Ijara Muntahia Bittamleek Assets - Net

The details of this item are as follows:

31 December 2020	Joint			Self- financed			Total		
	Cost	Accumulated depreciation	Net value	Cost	Accumulated depreciation	Net value	Cost	Accumulated depreciation	Net value
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Ijara Muntahia Bittamleek Assets – Real estate	934,450,772	(213,904,878)	720,545,894	322,882	-	322,882	934,773,654	(213,904,878)	720,868,776
Ijara Muntahia Bittamleek Assets – Machinery	9,215,272	(416,042)	8,799,230	-	-	-	9,215,272	(416,042)	8,799,230
Total	943,666,044	(214,320,920)	729,345,124	322,882	-	322,882	943,988,926	(214,320,920)	729,668,006
31 December 2019									
Ijara Muntahia Bittamleek Assets – Real estate	879,470,920	(205,835,649)	673,635,271	1,338,000	(1,019,061)	318,939	880,808,920	(206,854,710)	673,954,210
Ijara Muntahia Bittamleek Assets – Machinery	9,300,272	(394,692)	8,905,580	-	-	-	9,300,272	(394,692)	8,905,580
Ijara Muntahia Bittamleek Assets – Vehicles	18,500	(18,500)	-	-	-	-	18,500	(18,500)	-
Total	888,789,692	(206,248,841)	682,540,851	1,338,000	(1,019,061)	318,939	890,127,692	(207,267,902)	682,859,790

Total due Ijara installments amounted to JD 4,534,711 as at 31 December 2020 (JD 4,387,818 as at 31 December 2019). Moreover, due Ijara balances were disclosed within the deferred sales receivables and other receivables (Note 6).

Non-performing Ijara Muntahia Bittamleek amounted to JD 1,919,942 which represent 0.3% of Ijara Muntahia Bittamleek balance as at 31 December 2020 (JD 1,578,660 which represents 0.2% as at 31 December 2019).

Non-performing Ijara Muntahia Bittamleek after deducting revenue in suspense amounted to JD 710,746 representing 0.1% of the balance of Ijara Muntahia Bittamleek balance as at 31 December 2020 (JD 446,104 which represents 0.06% as at 31 December 2019).

9. Financial Assets at Fair Value Through Shareholders' Equity- self

The details for this item as follow:

	31 December	
	2020	2019
	JD	JD
Quoted financial assets		
Investment portfolios managed by other parties *	5,629,892	5,616,930
Total financial Assets at fair value through shareholders' equity	5,629,892	5,616,930

* This item represents the investment portfolios managed by Al-Arabi Investment Group Company and includes external shares, Islamic Sukuk and International Murabaha.

There was no transfer to retained earnings under shareholders' equity related to financial assets through shareholders' equity - self.

10. Financial Assets at Fair Value Through Joint Investment Accounts Holder's Equity

The details for this item as follow:

	Joint	
	31 December	
	2020	2019
	JD	JD
Unquoted financial assets		
Companies shares *	3,239,246	2,662,444
Total	3,239,246	2,662,444

* This represents Bank's share in establishing the following companies:

- Jordan payment and clearing company
- Jordanian Islamic Banks Co.for Investment
- Islamic Banks group Co. for SMEs contribution.

11. Financial Assets at Amortized Costs – Net

The details for this item as follow:

	Joint	
	31 December	
	2020	2019
	JD	JD
Islamic Sukuk - quoted	34,235,929	27,469,115
Islamic Sukuk - unquoted	3,893,200	5,957,400
Expected credit loss	(765,218)	(83,770)
Total	37,363,911	33,342,745

The above assets have fixed and determinable payments and mature within 5 years.

The investments at amortized cost according to the bank's internal rating as at 31 December 2020 are as follows:

Item	Stage 1	Stage 2	Stage 3	Total	2019
	JD	JD	JD	JD	JD
Low risk	14,336,012	-	-	14,336,012	19,222,673
Acceptable	14,185,254	9,607,863	-	23,793,117	14,203,842
Under watch debt	-	-	-	-	-
Non working debt	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Bad debts	-	-	-	-	-
Total	28,521,266	9,607,863	-	38,129,129	33,426,515

The movement on investments as at end of year:

Item	Stage 1	Stage 2	Stage 3	Total	2019
	JD	JD	JD	JD	JD
Balance at the beginning of the year	33,426,515	-	-	33,426,515	31,968,980
New investments	-	6,825,756	-	6,825,756	3,534,732
Matured investments/ amortization during the year	(2,069,249)	(53,893)	-	(2,123,142)	(2,077,197)
Transferred to stage 1	-	-	-	-	-
Transferred to stage 2	(2,836,000)	2,836,000	-	-	-
Transferred to stage 3	-	-	-	-	-
Balance at the end of the year	28,521,266	9,607,863	-	38,129,129	33,426,515

The movement on expected credit loss provision in aggregation form as at end of year was as follows:

Item	Stage 1	Stage 2	Stage 3	Total	2019
	JD	JD	JD	JD	JD
Balance at the beginning of the year	83,770	-	-	83,770	182,070
New investments	-	-	-	-	-
Recoveries from ECL on matured Investments	-	-	-	-	(202,688)
Transferred to stage 1	(33,279)	33,279	-	-	-
Transferred to stage 2	-	-	-	-	-
Transferred to stage 3	-	-	-	-	-
Adjustments during the year	83,996	597,452	-	681,448	104,388
Balance at the end of the year	134,487	630,731	-	765,218	83,770

12. Investments in Real Estate

The details for this item as follow:

Investment in real estate for using purposes	Joint	
	31 December	
	2020	2019
	JD	JD
Investments in real estate	31,355,238	31,042,176
Accumulated depreciation	(2,991,668)	(3,032,657)
Impairment provision	(4,832,380)	(4,832,380)
Total	23,531,190	23,177,139

The movement on the investment in real estate portfolio during the year was as follows:

2020	Land	Buildings	Total
	JD	JD	JD
Balance at the beginning of the year	16,059,918	14,982,258	31,042,176
Additions / Capitalization	-	1,362,039	1,362,039
Disposals	-	(1,048,977)	(1,048,977)
Balance at the end of the year	16,059,918	15,295,320	31,355,238
Accumulated Depreciation			
Accumulated depreciation at the beginning of the year	-	(3,032,657)	(3,032,657)
Depreciation of the year	-	(128,731)	(128,731)
Disposals	-	169,720	169,720
Accumulated depreciation at the end of the year	-	(2,991,668)	(2,991,668)
Impairment provision for real estate			
Impairment provision at the beginning of the year	(4,655,507)	(176,873)	(4,832,380)
Impairment of the year	-	-	-
Impairment provision at the end of the year	(4,655,507)	(176,873)	(4,832,380)
Net investment at the end of the year	11,404,411	12,126,779	23,531,190

2019	Land	Buildings	Total
	JD	JD	JD
Balance at the beginning of the year	15,791,194	13,350,869	29,142,063
Additions / Capitalization	268,724	1,631,389	1,900,113
Balance at the end of the year	16,059,918	14,982,258	31,042,176
Accumulated Depreciation			
Accumulated depreciation at the beginning of the year	-	(2,808,431)	(2,808,431)
Depreciation of the year	-	(224,226)	(224,226)
Accumulated depreciation at the end of the year	-	(3,032,657)	(3,032,657)
Impairment provision for real estate			
Impairment provision at the beginning of the year	(4,500,340)	(38,908)	(4,539,248)
Impairment of the year	(155,167)	(137,965)	(293,132)
Impairment provision at the end of the year	(4,655,507)	(176,873)	(4,832,380)
Net investment at the end of the year	11,404,411	11,772,728	23,177,139

The fair value of investments in real estate portfolio amounted to JD 26,420,994 as at 31 December 2020 (JD 26,669,851 as at 31 December 2019).

The fair value for investment in real estate based on the average of valuations which was performed by independent valuators which has professional qualifications and proper experience to evaluate the place and value of a real estate as at 31 December 2020 and 31 December 2019, the fair value has been determined depending on new market dealings also the valuations of the valuators and their professional judgement.

There is no burdens, pledges, or restrictions on the title deeds related to the real estate.

The real estate within a portfolio is evaluated separately and an impairment provision is calculated for the real estates that is impaired.

13. Property and Equipment - Net

The details for this item as follow:

2020	Land	Buildings	Furniture, Fixtures and Equipment	Vehicles	Computers	Improvements & Decorations	Total
	JD	JD	JD	JD	JD	JD	JD
Cost							
Balance at the beginning of the year	7,152,508	4,818,668	7,484,592	336,508	7,110,290	11,680,316	38,582,882
Additions	-	-	262,998	-	639,985	340,003	1,242,986
Disposals	-	-	(285,290)	-	(321,596)	(655,810)	(1,262,696)
Balance at the end of the year	7,152,508	4,818,668	7,462,300	336,508	7,428,679	11,364,509	38,563,172
Accumulated Depreciation							
Accumulated depreciation at the beginning of the year	-	1,590,657	5,066,050	126,304	5,274,821	10,351,915	22,409,747
Depreciation of the year	-	98,095	571,959	56,233	906,158	548,646	2,181,091
Disposals	-	-	(275,995)	-	(320,879)	(655,718)	(1,252,592)
Accumulated depreciation at the end of the year	-	1,688,752	5,362,014	182,537	5,860,100	10,244,843	23,338,246
Net Book value for property and equipment	7,152,508	3,129,916	2,100,286	153,971	1,568,579	1,119,666	15,224,926
Projects under process	-	81,640	-	-	17,811	476,962	576,413
Net Property and Equipment at the end of the year	7,152,508	3,211,556	2,100,286	153,971	1,586,390	1,596,628	15,801,339
2019							
Cost							
Balance at the beginning of the year	7,152,508	4,818,668	7,172,180	321,308	6,216,861	12,083,357	37,764,882
Additions	-	-	508,152	176,800	1,206,595	161,775	2,053,322
Disposals	-	-	(195,740)	(161,600)	(313,166)	(564,816)	(1,235,322)
Balance at the end of the year	7,152,508	4,818,668	7,484,592	336,508	7,110,290	11,680,316	38,582,882
Accumulated Depreciation							
Accumulated depreciation at the beginning of the year	-	1,489,688	4,571,737	233,490	4,515,956	10,018,274	20,829,145
Depreciation of the year	-	100,969	665,034	50,912	1,067,159	894,803	2,778,877
Disposals	-	-	(170,721)	(158,098)	(308,294)	(561,162)	(1,198,275)
Accumulated depreciation at the end of the year	-	1,590,657	5,066,050	126,304	5,274,821	10,351,915	22,409,747
Net Book value for property and equipment	7,152,508	3,228,011	2,418,542	210,204	1,835,469	1,328,401	16,173,135
Projects under Process	-	67,640	-	-	18,192	135,150	220,982
Net Property and Equipment at the end of the year	7,152,508	3,295,651	2,418,542	210,204	1,853,661	1,463,551	16,394,117
Depreciation Rate %	-	2	2-15	20	25	15	

The cost of fully depreciated property and equipment amounted to JD 13,344,772 as at 31 December 2020 (JD 11,921,628 as at 31 December 2019).

14. Intangible Assets – Net

The details for this item as follow:

	Systems and Software	
	2020	2019
	JD	JD
Balance at the beginning of the year	1,109,708	277,636
Additions	204,051	1,277,554
Amortization for the year	(338,286)	(445,482)
Balance at the end of the year	975,473	1,109,708
Amortization rate %	25	25

15. Right of use assets and lease liability

The movement of right of use assets and lease liability – long term was as follows:

	31 December 2020		31 December 2019	
	Right of use assets	lease liability	Right of use assets	lease liability
	JD	JD	JD	JD
Balance at the beginning of the year	5,708,265	4,800,214	5,328,510	4,873,072
Addition during the year	1,122,688	1,002,688	1,471,157	1,094,157
Amortization during the year (note 45)	(1,200,737)	-	(1,091,402)	-
Finance costs (note 45)	-	138,334	-	147,198
Paid during the year	-	(1,188,765)	-	(1,314,213)
Balance as at the end of the year	5,630,216	4,752,471	5,708,265	4,800,214

16. Other Assets

The details for this item as follow:

	31 December	
	2020	2019
	JD	JD
Clearing cheques	103,009	16,249
Prepaid expenses	964,834	1,002,227
Accrued revenue	346,398	409,367
Foreclosed Assets – Net*	18,208,692	6,014,924
Others	597,251	674,561
Total	20,220,184	8,117,328

The following is a summary of the movement on the foreclosed assets:

	31 December 2020				31 December 2019
	Land	Buildings	Other	Total	2019
	JD	JD	JD	JD	JD
Balance at the beginning of the year	1,689,429	4,351,178	-	6,040,607	2,630,593
Additions	11,338,717	2,026,691	194,000	13,559,408	3,410,014
Disposals	-	(101,850)	-	(101,850)	-
Total	13,028,146	6,276,019	194,000	19,498,165	6,040,607
Repossessed assets / Impairment provision	(1,233,974)	(55,499)	-	(1,289,473)	(25,683)
Balance at the end of the year *	11,794,172	6,220,520	194,000	18,208,692	6,014,924

* This balance represents the assets repossessed by the bank against distressed settlement of bad debts. The bank is prohibited from disposing these assets for one year from the date of registration of the real estate in its name.

Central Bank of Jordan instructions require the disposal of assets repossessed by the bank during a duration not more than two years from the date of disposal. Central Bank of Jordan can in exceptional cases extend this period for a maximum of two consecutive years.

The provision of assets for the property includes a decrease in real estate for debts of JD 85,563 as of December 31, 2020 (2019: None) according to the Central Bank of Jordan No. (10/1/2510) dated February 14, 2017 and its amendments.

17. Banks and Financial Institutions Accounts

The details for this item as follow:

	31 December					
	2020			2019		
	Inside Jordan	Outside Jordan	Total	Inside Jordan	Outside Jordan	Total
	JD	JD	JD	JD	JD	JD
Current and call accounts	-	261,513	261,513	-	2,103,089	2,103,089
Total	**-**	**261,513**	**261,513**	**-**	**2,103,089**	**2,103,089**

18. Customers' Current Accounts

The details for this item as follow:

	Retail	Corporates	Small and medium enterprises	Government and public sector	Total
	JD	JD	JD	JD	JD
31 December 2020					
Current accounts	575,513,576	44,204,803	98,494,205	2,981,995	721,194,579
Total	575,513,576	44,204,803	98,494,205	2,981,995	721,194,579
31 December 2019					
Current accounts	522,905,002	47,614,628	102,065,148	4,961,502	677,546,280
Total	**522,905,002**	**47,614,628**	**102,065,148**	**4,961,502**	**677,546,280**

Government of Jordan and public sector deposits inside Jordan amounted to JD 2,981,995 as at 31 December 2020, representing 0.41% of the total customers' current accounts (JD 4,961,502 as at 31 December 2019, representing 0.73%).

Restricted deposits amounted to JD 4,303,465 as at 31 December 2020, representing 0.6% of the total customers' current accounts (JD 4,478,527 as at 31 December 2019, representing 0.66%).

Dormant accounts amounted to JD 27,850,333 as at 31 December 2020 (JD 13,526,537 as at 31 December 2019).

19. Cash Margins

The details for this item as follow:

	31 December	
	2020	2019
	JD	JD
Cash margins against sales receivables and financings	20,899,291	21,453,400
Cash margins against indirect credit facilities	5,968,604	6,673,335
Other cash margins	3,763,997	3,245,297
Total	**30,631,892**	**31,372,032**

The Bank distributed an amount of JD 566,289 to the insurance account holders participating in the profit for the year (JD 438,210 for 2019).

20. Other Provisions

The movement on other provisions is as follows:

	Balance at the beginning of the year	Provision (recovery) for the year	Paid during the year	Balance at the end of the year
	JD	JD	JD	JD
2020				
Provision for end-of-service indemnity	3,230,953	366,795	(133,904)	3,463,844
Provision for lawsuits against the Bank	17,267	64,733	-	82,000
Total	**3,248,220**	**431,528**	**(133,904)**	**3,545,844**
2019				
Provision for end-of-service indemnity	2,987,591	340,010	(96,648)	3,230,953
Provision for lawsuits against the bank	19,067	-	(1,800)	17,267
Total	**3,006,658**	**340,010**	**(98,448)**	**3,248,220**

21. Income Tax

a. Provision for Income Tax

The movement on income tax provision is as follows:

	2020	2019
	JD	JD
Balance at the beginning of the year	10,737,299	12,124,837
Income tax paid during the year	(13,886,191)	(15,400,004)
Income tax paid for previous years	-	(153,963)
Income tax payable for the year	14,507,987	14,166,429
Balance at the end of the year	11,359,095	10,737,299

b. Income tax appearing in the Statement of Income represents the following:

	2020	2019
	JD	JD
Income tax payable for the year	14,507,987	14,166,429
Deferred tax assets for the year	(289,357)	(176,704)
Amortization of deferred tax assets	67,033	113,977
Total	14,285,663	14,103,702

A final settlement was reached with the Income and Sales Tax Department until the end of the year 2018.Moreover, the tax returns for the year 2019 was submitted and has not yet been reviewed by the Income and Sales Tax Department.

The accrued income tax for the year ended 31 December 2020 and 2019 was calculated in accordance with the Income Tax Law in force.

In the opinion of the Management and the tax consultant, no additional provisions are required for the year ended 31 December 2020 and 2019.

c. Deferred Tax Assets / Liabilities – Self

	31 December 2020					31 December 2019
	Beginning balance	Released amounts	Added amounts	End of year balance	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
Deferred Tax Assets – Self						
Provision for end-of-service indemnity	3,230,953	(133,904)	366,795	3,463,844	1,316,261	1,227,762
Impairment provision for self- financing	1,071,649	-	329,938	1,401,587	532,603	407,227
Provision for fees for lawsuits against the bank	17,267	-	64,733	82,000	31,160	6,561
impairment in the financial assets at fair value through shareholders' equity	2,727,786	-	-	2,727,786	1,036,559	1,036,559
Unacceptable tax expenses and deferred for coming years	42,500	(42,500)	-	-	-	16,150
Effect of FAS (30) and IFRS (9) adoption	700,788	-	-	700,788	266,299	266,299
Grand Total	7,790,943	(176,404)	761,466	8,376,005	3,182,882	2,960,558

Self-financed deferred tax assets of JD 3,182,882 as at 31 December 2020 resulted from time differences of the provision for end-of- service indemnity, provision for impairment in self – financings, provision for fees on lawsuits against the Bank, impairment in financial assets, and unacceptable tax expenses and deferred for years to come. These deferred tax assets were calculated at a tax rate of 35% in addition to 3% national contribution with a total of 38% and In the management's opinion, these tax benefits from profits will be utilized in the future.

d. Deferred Tax Liabilities - Self

	31 December 2020					31 December 2019
	Beginning balance	Released amounts	Added amounts	End of year balance	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
Financial assets at fair value through shareholders' equity	767,241	-	12,960	780,201	296,477	291,552
	767,241	-	12,960	780,201	296,477	291,552

The deferred tax liabilities of JD 296,477 as at 31 December 2020 (JD 291,552 as at 31 December 2019) resulted from gains from valuation of financial assets presented within the fair value reserve of shareholders' equity.

The movement on the deferred tax assets and liabilities – Joint is as follows:

	31 December 2020		31 December 2019	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
Balance at the beginning of the year	-	-	450,921	-
Additions during the year	-	-	-	-
Amortized during the year	-	-	(450,921)	-
Balance at the end of the year	-	-	-	-

The movement on the deferred tax assets and liabilities – self is as follows:

	31 December 2020		31 December 2019	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
Balance at the beginning of the year	2,960,558	291,552	2,897,830	180,541
Additions during the year	289,357	4,925	176,704	111,011
Amortized during the year	(67,033)	-	(113,976)	-
Balance at the end of the year	3,182,882	296,477	2,960,558	291,552

e. Summary of the Reconciliation between Accounting Income with Taxable Income:

	31 December 2020	31 December 2019
	JD	JD
Accounting Income	44,725,660	48,487,803
Add: Nondeductible tax expenses	11,341,038	9,824,654
Less: Tax-exempt Income	(12,393,436)	(10,995,194)
Other adjustments	(1,657,376)	(4,305,107)
Taxable Income	42,015,886	43,012,156
Declared income tax rate	38%	38%
Income Tax Provision - Net	15,966,037	16,344,619
Actual income tax rate	36%	34%
Attributable to:		
Declared provision – Bank	14,507,987	14,166,429
Declared provision – investment risks fund	-	946,812
Declared provision – Mutual insurance fund *	1,458,050	1,231,378
	15,966,037	16,344,619

* The mutual insurance fund has been established to cover defaults on repayments due to death or total disability of the customers of sales receivables and financing as per the Fund's Articles of Association approved by the Central Bank of Jordan.

22. Other Liabilities

The details of this item are as follows:

	31 December	
	2020	2019
	JD	JD
Certified cheques	10,149,463	8,602,472
Promissory notes, bills of collection and inward transfers	7,375,746	8,452,993
Accrued and unpaid expenses	245,932	40,094
Customers’ share of revenue from joint investments (saving and term deposit)	2,443,345	9,016,974
Customers’ share of revenues from joint investments (cash margin)	8,331	187,736
Commissions received in advance	333,708	429,952
Temporary deposit’s and others *	7,812,942	13,099,789
Expected credit loss (off Balance sheet)- self (note 56)	733,085	434,359
Expected credit loss (off Balance sheet)- joint (note 56)	344,863	127,064
Income tax of mutual insurance fund (Note 24/d)	1,220,810	1,036,134
Board of Directors’ remunerations	25,000	25,000
	30,693,225	41,452,567

* This item includes intermediate accounts amounting to JD 2,876,695 as at 31 December 2020, (JD 10,142,676 as at 31 December 2019) representing accepted L/C’s and deferred customers’ bills that will be paid at their maturity date.

23. Unrestricted Investment Accounts

The details of this item are as follows:

	31 December 2020					
	Retail	Corporates	Small and medium enterprises	Government and public sector	Central bank deposits **	Total
	JD	JD	JD	JD	JD	JD
Saving accounts	234,569,118	172,218	1,910,642	424	45,231,120	281,883,522
Term deposits *	771,661,154	109,125,403	68,878,074	204,398,098	22,059,354	1,176,122,083
Total	1,006,230,272	109,297,621	70,788,716	204,398,522	67,290,474	1,458,005,605
Depositors' share of the investment returns	22,062,127	4,353,843	2,220,971	5,408,632	33,234	34,078,807
Total Joint Investment Accounts	1,028,292,399	113,651,464	73,009,687	209,807,154	67,323,708	1,492,084,412

	31 December 2019					
	Retail	Corporates	Small and medium enterprises	Government and public sector	Central bank deposits **	Total
	JD	JD	JD	JD	JD	JD
Saving accounts	219,247,231	232,404	1,497,000	1,381	7,404,192	228,382,208
Term deposits *	714,591,986	88,892,153	66,936,360	159,992,588	12,413,554	1,042,826,641
Total	933,839,217	89,124,557	68,433,360	159,993,969	19,817,746	1,271,208,849
Depositors' share of the investment returns	22,158,829	3,308,788	2,112,042	2,118,102	422,715	30,120,476
Total Joint Investment Accounts	955,998,046	92,433,345	70,545,402	162,112,071	20,240,461	1,301,329,325

* Term deposits include JD 18,661,901 as at 31 December 2020 (JD 15,530,258 as at 31 December 2019) net of tax. This item is the balance of the Mutual Insurance Fund established during 2013 to cover defaults on repayments of financings due to the death or total disability of the customers as per the Fund's Articles of Association approved by the Central Bank of Jordan (Note 24/d).

** Two investment agreements were signed with the Central Bank of Jordan on February 21, 2019, whereby cash funds are deposited by the Central Bank in two separate accounts, for savings and on behalf of the Central Bank of Jordan with the bank, with participation rates agreed upon with the Central Bank of Jordan, so that these amounts are granted as financing to the clients of the sectors Specified within the two agreements with preferential returns under the approval of the Central Bank of Jordan and within its parameters stipulated in the agreement.

The joint investment accounts participate in profits based on the following:

- 30% from the monthly balance of saving accounts.
- 90% of the lowest balance of term deposits with a balance of 5,000,000 and more, participate of 100% percent.
- The general rate of profit on the Jordanian Dinar 1.75% to 4.31% for the first half and from 1.65% to 4.49% for the second half for the year 2020, (2,938% and 3.12% to 5.3%in the previous year).
- The general rate of profit on USD for the first and second halves of the year 2020 0,54% to 1.24% and 0.37% to 0.94%, respectively (1.29% and 1.15% in the previous year).
- The restricted accounts amounted to JD 1,407,195 as at 31 December 2020 (JD 1,409,953 as at 31 December 2019).
- The joint investment accounts of the Government of Jordan and Public Sector inside the Jordan amounted to JD 209,807,154 as at 31 December 2020 at 14% of the total joint investment accounts (JD 162,112,071 as at 31 December 2019 12.5%).
- Dormant accounts amounted to JD 16,300,372 as at 31 December 2020 (JD 16,234,629 as at 31 December 2019).

24. Investment Risk Fund

a- The movement on the Investment Risk Fund is as follows:

	2020	2019
	JD	JD
Balance at the beginning of the year	-	48,827,864
Add: Transferred from joint investment revenue for the year	-	3,512,818
Difference in valuation of foreign currencies	-	(375)
Less: income tax*	-	(1,397,733)
Paid for previous year's tax	-	(697,597)
Transferred to a provision for expected credit losses on 1 May 2019 in accordance with Central Bank of Jordan instructions:		
Provision for expected credit losses - first stage	-	(1,492,769)
Provision for expected credit losses - second stage	-	(1,475,620)
Provision for expected credit losses - third stage	-	(23,769,483)
Impairment allowance - real estate investment portfolio	-	(4,539,248)
Impairment allowance – foreclosed assets	-	(36,901)
Transferred to provision for expected future investment risks (Note 24 / b)	-	(18,930,956)
Balance at the end of the year	-	-

* The Fund's income tax item represents the following:

	2020	2019
	JD	JD
Accrued income tax on the amounts transferred from investment revenues	-	946,812
Amortization of deferred tax assets	-	450,921
	-	1,397,733

- On 1 April 2019, a new law was issued that amends the Banks Law No. (28) of the year 2000, where Article (13) of the law had provisions on the dissolution of Article (55) from the original law. It states that no less than 10% of net recognized investment revenue on different continuing operations during the period should be deducted, with twice the amount of the Paid-in Capital being the maximum. Also, in accordance with the Central Bank of Jordan's Circular No. 9173/1/10, setting aside the surplus of the Investment Risk Fund as a provision to encounter any expected future risk for assets financed through joint investment accounts.

The movement on the income tax provision of the Investment Risk Fund is as follows:

	2020	2019
	JD	JD
Balance at the beginning of the year	384,283	2,924,470
Less: Income tax paid	(384,283)	(3,486,999)
Add: Accrued income tax for the year	-	946,812
Balance at the end of the year	-	384,283

A final settlement was reached with the Income and Sales Tax Department until the end of the year 2018. Moreover, the tax returns for the year 2019 was submitted and has not yet been reviewed by the Income and Sales Tax Department.

b- Provision for future expected investment risks
The movement on the provision for future expected investment risks is as follows:

	2020	2019
	JD	JD
Balance at the beginning of the year	13,079,838	-
Add: transferred from investment risk fund as at 1 May 2019 in accordance with Central Bank of Jordan instruction (Note 24/a)	-	18,930,956
Less: released from provisions for expected credit losses	(9,043,015)	(5,851,118)
Balance at the end of the year	4,036,823	13,079,838

c- The movement of the expected credit losses provision is as follows:

	2020	2019
	JD	JD
Balance at the beginning of the year	33,250,932	-
Transferred from Investment Risk Fund on 1 May 2019 accordance with Central Bank of Jordan instruction:		
Provision for expected losses - first stage	-	1,492,769
Provision for expected losses - second stage	-	1,475,620
Provision for expected losses - third stage	-	23,769,483
Impairment provision - real estate investment portfolio	-	4,539,248
Impairment provision – foreclosed assets	-	36,901
Amended Balance	-	31,314,021
Less: released from provisions for expected credit losses which are no longer required (Note 34)	(3,198,151)	(3,914,207)
Add:		
Provision for expected credit losses - first stage	1,848,560	1,747,873
Provision for expected credit losses - second stage	3,630,249	690,352
Provision for expected credit losses - third stage	2,300,415	3,119,761
Impairment provision - real estate investment portfolio	-	293,132
Impairment provision – foreclosed assets	1,263,791	-
Total of added provisions (Note 34)	9,043,015	5,851,118
Total	39,095,796	33,250,932

d- Mutual Insurance Fund
The movement on the mutual insurance fund is as follows:

	2020	2019
	JD	JD
Balance at the beginning of the year	15,530,258	13,201,380
Add: Fund investment profits for the year	690,134	578,847
Insurance installments received during the year	4,364,422	3,536,976
Less: fund income tax for the year	(1,458,050)	(1,231,378)
Administrative Expenses	(1,800)	(1,800)
Subscribers' compensation during the year	(414,401)	(518,340)
Financial stamp's expenses during the year	(48,662)	(35,427)
Balance at the end of the year	18,661,901	15,530,258

The movement on the income tax of the mutual Insurance Fund is as follows:

	2020	2019
	JD	JD
Balance at the beginning of the Year	1,036,134	741,753
Less: Income tax paid	(1,273,374)	(936,997)
Add: Accrued income tax for the year	1,458,050	1,231,378
Balance at the end of year	1,220,810	1,036,134

* The balance of Income tax of Mutual Insurance Fund is included in other liabilities (Note 22).

- A final settlement was reached with the Income and Sales Tax Department until the end of the year 2018.Moreover, the tax returns for the year 2019 was submitted and has not yet been reviewed by the Income and Sales Tax Department.
- The Mutual Insurance Fund were prepared in accordance to paragraph No. (D/3) of article (54) of the Banking Law No. 28 for the year 2000.
- The Central Bank of Jordan's approval is required in case of any amendment to the Mutual Insurance Fund.
- In case the Mutual Insurance Fund ceases its activities, the funds shall be disbursed to the Zakat Banks according to the opinion of the Authority
- Compensation for participants to the fund is made as follows:
  - Participant's death.
  - Participant's total or permanent physical disability.

25. Paid-in Capital

The authorized and paid-in capital at the end of the fiscal year amounted to JD 100 million divided into 100 million shares at a par value of JD 1 per share as at 31 December 2020 (100 million shares at a par value of JD 1 per share as at 31 December 2019).

26. Reserves and Dividends

Statutory Reserve

The accumulated amounts in this account are appropriated from the annual net income before tax at 10% in accordance with the Banks Law. This reserve may not be distributed to shareholders.

Voluntary Reserve

The accumulated amounts in this account represent appropriations from annual net income before tax during the previous years at a rate not exceeding 20%. This reserve is used for the purposes of determined by the Board of Directors. Moreover, the General Assembly is entitled to distribute it in whole or in part as dividends to shareholders.

The restricted reserves are as follows:

	31 December		Nature of restriction
	2020	2019	
	JD	JD	
Statutory reserve	39,733,495	35,260,929	Requirement of the Law

Proposed Dividends to Shareholders

The Board of Directors recommended during its meeting No. (1) on January 28, 2021, to distribute JD 12 million to the sole shareholder (Arab Bank), equivalent to 12% of the authorized and paid-up capital from distributable retained earnings, subject to the approval of the Shareholders' General Assembly and the Central Bank of Jordan.

Note that no profits were distributed during the year 2020 in compliance with the instructions of the Central Bank of Jordan No. 1/1/4693 dated April 9, 2020.

27. Fair Value Reserve – Net

The details of this item are as follows:

	Joint		Self	
	31 December		31 December	
	2020	2019	2020	2019
	JD	JD	JD	JD
Financial assets at fair value	(311,461)	(153,767)	483,724	475,688
Balance at the end of the year	(311,461)	(153,767)	483,724	475,688

The movement on the fair value reserve was as follows:

	Joint		Self	
	2020	2019	2020	2019
	JD	JD	JD	JD
Balance at the beginning of the year	(153,767)	-	475,688	294,566
Unrealized (losses) gains	(157,694)	(153,767)	12,960	292,132
Deferred tax liabilities	-	-	(4,924)	(111,010)
Balance at the end of the year	(311,461)	(153,767)	483,724	475,688

The fair value reserve is stated at net (after deducting deferred tax liabilities-self) amounted to JD 483,724 as at 31 December 2020 (JD 475,688 as at 31 December 2019).

The negative fair value reserve for financial assets at fair value through joint investment account holder's equity amounted to JD 311,461 as at 31 December 2020 (JD 153,767 as at 31 December 2019).

28. Retained Earnings

The movement on retained earnings is as follows:

	2020	2019
	JD	JD
Balance at the beginning of the year	74,198,940	58,922,083
The impact of applying IFRS (16)	-	(258,464)
Amended retained earnings	74,198,940	58,663,619
Profit for the year	30,439,997	34,384,101
Transferred to the statutory reserve	(4,472,566)	(4,848,780)
Dividends profit *	-	(14,000,000)
Balance at the end of the year	100,166,371	74,198,940

* The Bank did not distribute dividends to shareholders during 2020 in compliance with the instructions of the Central Bank of Jordan No. 1/1/4693 on April 9, 2020.

29. Deferred Sales Revenue

The details of this item are as follows:

	Joint	
	2020	2019
	JD	JD
Retail		
Murabaha to purchase order	16,831,125	18,929,585
Real estate financings	9,670,740	10,214,911
Large Companies		
International Murabaha	902,423	3,312,326
Murabaha to purchase order	13,192,526	14,373,118
Small and Medium Enterprises		
Murabaha to purchase order	5,282,295	4,090,846
Total	45,879,109	50,920,786

30. Revenue from Financial Assets at Amortized Costs

The details of this item are as follows:

	Joint	
	2020	2019
	JD	JD
Islamic Sukuk	1,419,555	1,304,031
	1,419,555	1,304,031

31. Net Income (Expenses) from Investment in Real Estate

The details of this item are as follows:

	Joint	
	2020	2019
	JD	JD
Acquired for Utilization		
Real estate rents	441,239	380,261
Gain from sale real estate	62,586	-
Other expenses	(246,046)	(195,120)
Depreciation of buildings	(128,731)	(224,226)
	129,048	(39,085)

Buildings within the real estate portfolio are depreciated according to the straight-line method at a rate of 2%.

32. Revenue from Ijara Muntahia Bittamleek Assets

The details of this item are as follows:

	Joint		Self	
	2020	2019	2020	2019
	JD	JD	JD	JD
Ijara Muntahia Bittamleek – Real estate	112,416,956	114,291,489	24,159	37,970
Ijara Muntahia Bittamleek – Machinery	272,785	2,513,496	-	-
Ijara Muntahia Bittamleek - Vehicles	-	4,032	-	-
Depreciation of Ijara Muntahia Bittamleek assets	(62,153,624)	(63,206,003)	-	-
Total	50,536,117	53,603,014	24,159	37,970

33. Ju’alah commissions

The details of this item are as follows:

	Joint	
	2020	2019
	JD	JD
Ju’alah commissions (Bargaining)	935,843	711,351
	935,843	711,351

34 –Recoveries from expected credit losses provision

The details of this item are as follows:

	Joint	
	2020	2019
	JD	JD
Provisions recovered to income from expected future losses (formerly the Investment Risk Facility Fund)	12,241,166	9,765,325
Provisions for future losses expected (Note 24 / c)	(9,043,015)	(5,851,118)
Net recovered provisions	3,198,151	3,914,207

35 - Deposit insurance fees

The details of this item are as follows:

	Joint		Self	
	2020	2019	2020	2019
	JD	JD	JD	JD
Deposit insurance fees on Joint investment accounts	2,410,690	1,397,218	-	-
Deposit insurance fees on current accounts	-	-	1,993,124	1,367,149
Total	2,410,690	1,397,218	1,993,124	1,367,149

On 1 April 2019, amended law of the Deposits Insurance Corporation Law was issued, which included Islamic banks under the Deposit Guarantee Corporation, noting that Islamic banks were not previously covered by the law , The amended law state that the deposits accounts which classified within the bank consignment (credit accounts and equivalent , The part that does not participate in the profits from the joint investment accounts) will entail deposits guarantee fees that the bank will bear from its own funds, whereas the joint investment accounts will bear the participation fees of the joint investment accounts for these accounts.

36. Unrestricted Investment Accounts Share

The details of this item are as follows:

	2020	2019
	JD	JD
Customers:		
Revenue of investments saving accounts	1,071,369	1,642,211
Revenue of term deposit accounts	26,436,810	31,155,956
Revenue of cash Margin accounts	386,883	451,644
Total	27,895,062	33,249,811

37. Bank's Share in income from Joint Investment as Mudarib and Fund Owner (Rab Al-Mal)

The details of this item are as follows:

	2020	2019
	JD	JD
Bank's share as Mudarib	38,473,221	36,475,451
Bank's share as (Rab Al-Mal)	33,318,850	35,779,006
Total	71,792,071	72,254,457

38. Bank's Self-Financed Revenue

The details of this item are as follows:

	2020	2019
	JD	JD
Income from Ijara Muntahia Bittamleek assets (Note 32)	24,159	37,970
Returns of distributions of financial assets at fair value through shareholders' equity	11,253	11,249
Total	35,412	49,219

39. Bank's Share in Restricted Investment Profit as Mudarib and as agent (Wakeel)

a. Bank's Share in Restricted Investment profit as Mudarib:

	2020	2019
	JD	JD
Income from restricted investments	1,859,210	5,809,095
Less: Share of holders of restricted investments accounts	(1,564,972)	(4,793,901)
Bank's share as Mudarib *	294,238	1,015,194

b. Bank's share in restricted investment profit as agent (Wakeel)*

	2020	2019
	JD	JD
Income from sales receivables	646,008	1,094,930
Less: Muwakel's share	(264,606)	(592,815)
Bank's Share as (Wakeel)	381,402	502,115

* This item represents revenue from Murabaha to Purchase order for small entities within the Wakaleh investment agreement signed with the Central Bank of Jordan.

40. Gains from Foreign Currencies

The details of this item are as follows:

	Self	
	2020	2019
	JD	JD
Resulted from trading / dealing	1,452,596	1,628,636
Resulted from revaluation	(1,207)	(8,286)
Total	1,451,389	1,620,350

41. Banking Services Revenue

The details of this item are as follows:

	2020	2019
	JD	JD
Commissions on certified cheques	30,919	41,504
Commissions on letters of credit and bills	897,953	915,861
Commissions on guarantees	692,779	717,117
Commissions on transfers	1,169,651	674,438
Commissions on Visa	2,568,907	3,297,397
Commissions on cheques	224,837	615,629
Commissions on electronic services	1,565,510	1,418,962
Commissions on execution of financings	1,607,217	1,275,683
Commissions on transferred salaries	1,391,766	1,667,687
Other commissions	1,116,290	1,055,499
Total	11,265,829	11,679,777

42. Other Revenues

The details of this item are as follows:

	Self	
	2020	2019
	JD	JD
Revenues from customers services (post, telephone, custody)	306,175	326,212
Other income	2,421	54,684
Total	308,596	380,896

43. Employees' Expenses

The details of this item are as follows:

	2020	2019
	JD	JD
Salaries, bonuses and employees benefits	21,019,389	19,733,813
Bank's contribution in social security	2,352,027	2,189,660
Medical expenses	1,131,063	1,030,727
Staff training	52,833	95,910
Others	131,398	124,455
Total	24,686,710	23,174,565

44. Other Expenses

The details of this item are as follows:

	2020	2019
	JD	JD
Stationery and printing	563,672	660,330
Postage and telephone	474,497	422,741
Maintenance and cleaning	801,568	732,151
Advertising	431,550	641,879
Insurance expenses	114,009	108,302
Electricity and water	865,002	882,717
Donations	314,960	313,917
Subscriptions and fees	717,811	708,812
Transportation and travel expenses	276,862	446,335
Consultancy and professional fees	487,145	481,078
Information systems expenses	2,903,800	2,616,092
Board of Directors' remunerations	25,000	25,000
Others	1,376,252	1,168,561
Total	9,352,128	9,207,915

45. Amortization of right of use assets / Lease liability discount / rental expenses:

The details of this item are as follows:

	Right of use assets amortization		Lease liability discount/ finance cost		Rental expenses	
	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD
	1,200,737	1,091,402	138,334	147,198	308,307	243,562
Total	1,200,737	1,091,402	138,334	147,198	308,307	243,562

46. Earnings Per Share

The details of this item are as follows:

	2020	2019
	JD	JD
Profit for the year	30,439,997	34,384,101
Weighted-average number of shares	100,000,000	100,000,000
Earnings per share for the year - Basic \ Diluted	0,304	0.344

47. Cash and Cash Equivalent

The details of this item are as follows:

	31 December	
	2020	2019
	JD	JD
Cash and balances with the Central Bank of Jordan maturing within three months	795,966,945	699,887,946
Add: Balances at banks and financial institutions mature within three months	15,555,154	18,802,906
Less: Banks and financial institutions' accounts mature within three months	(261,513)	(2,103,089)
	811,260,586	716,587,763

48. Balances and Transactions with Related Parties

The bank conducts transactions with shareholders, members of the Board of Directors, Executive Management, and Sister Companies in the ordinary course of its business using the Murabaha and commercial commissions rates.

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

Statement of Financial Position Items:	Arab Bank (Parent Company)	Board Members	Parent Company's subsidiaries	Shari'a Supervisory, board members	Executive Management	Total 31 December 2020	Total 31 December 2019
	JD	JD	JD	JD	JD	JD	JD
Balances with banks and financial institutions	13,176,541	-	-	-	-	13,176,541	18,120,968
International Murabaha (commodities investment)	102,307,299	-	-	-	-	102,307,299	116,712,610
Banks' and financial institutions accounts	197,717	-	-	-	-	197,717	541,977
Joint investment accounts and current accounts	-	15,199	-	110,487	1,924,290	2,049,976	1,826,253
Financial assets at fair value through shareholders' equity managed by sister company	-	-	5,629,892	-	-	5,629,892	5,616,930
Sales receivables and Ijara financings	-	522,145	-	-	2,055,612	2,577,757	2,798,614
Off – Statement of Financial Position Items:							
Guarantees	10,000	-	-	-	-	10,000	10,000
International Murabaha (Investment in Commodity)	208,805,691	-	-	-	-	208,805,691	247,824,879
						For the Year Ended 31 December	
Statement of Income Items:						2020	2019
						JD	JD
Distributed profit – deposits' accounts	-	-	-	1,156	19,838	20,994	31,746
Received profit - receivables	-	44,223	-	-	82,029	126,252	127,010
Shares' dividends	-	-	11,253	-	-	11,253	11,249
Received commissions-off - statement of financial position items	-	-	-	-	-	-	62,829
Salaries and remunerations *	-	25,000	-	84,000	2,088,217	2,197,217	2,066,649
Transportation – Committees Membership	-	116,400	-	-	-	116,400	116,400

The lowest Murabaha rate that the Bank received was 3% and the highest Murabaha rate was 6%. Meanwhile, the lowest dividends distribution rate was 1.65%, and the highest rate of dividends distribution was 1.96% according to the slides.

All financings granted to related parties are performing, and consequently, no related provisions have been booked.

* The Bank has applied corporate governance instructions for Islamic banks No. (64/2016) dated 25/9/2016 regarding the definition of executive management.

49. Risk Management

Islamic International Arab Bank deals with the challenges related to banking risks comprehensively within an overall risk management framework according to the best banking standards, conventions, and practices, reinforced by a governance structure at the level of the Board of Directors, in particular the committees emanating from the Board and Executive management level.

Risk management represents one of the main control levels within the institutional structural framework of the Bank's risk management. Moreover, Risk management is responsible for developing an effective and secured system to identify the risks by the bank is exposed to, and its tasks include the following:

- Reviewing bank's risk management framework before approval by the Board of Directors.
- Implementing risk management strategy as well as developing policies and work procedures to manage whole risk types.
- Developing methodologies for identifying, measuring, controlling and detecting each type of risks.
- Submitting reports to the Board members through the risk management committee and a copy of the reports to senior executive management, including information about the actual risk profile compared with accepted risk appetite, and following up and resolving negative deviations.
- Checking the integration of the risk measurement mechanism with management information systems.
- Studying and analyzing all risk types the Bank is exposed to.
- Submitting recommendations to the risk management committee about the Bank's risk exposure, as well as registering the exceptions in the risk management policy.
- Providing the necessary information about the Bank's risks for disclosure purposes.
- Reinforcing and raising awareness about risks through the best banking practices and standards.

Risk Management at the Bank is divided into the following sections:

1. Credit Risk

The Islamic international Arab Bank adopts initiative and a dynamic approach and implements a conservative strategy in managing this type of risk. This is a key factor to achieving its strategic objective in respect of continuous improvement and maintenance of the quality of assets and credit portfolio components. The Bank also relies on well-established, conservative, and prudent credit standards. Furthermore, the Bank implements policies, procedures, methodologies, and general frameworks to manage risks, taking into consideration all the developments in the legislative and banking environment. Additionally, the Bank has in place clear organizational structures and technical systems, close follow-up, and effective controls that enable it to deal with probable risks and challenges arising from the changing environment at a high level of confidence and determination.

Credit management decisions are based on the adopted strategy and the accepted levels of risk. Furthermore, periodic review and analysis of the credit portfolio type and quality are performed periodically based on specific performance indicators. These decisions also focus on diversity, which is considered key to mitigating and diversifying risks on the individual customers' level and sectors levels.

International Financial Reporting Standard No. (9) Financial Instruments

According to the instructions of the Central Bank of Jordan No. (13/2018) of June 6, 2018 regarding the application of International Financial Reporting Standard No. (9) for Islamic banks, the bank applied International Financial Reporting Standard No. (9) of 2014 on the date of the mandatory application of the standard on January 1. 2018, as the Bank evaluated the ECL model requirements and adjustments related to classification and measurement of financial instruments. Note that the bank applied the first phase (classification and measurement) of the International Financial Reporting Standard No. (9) issued in 2009 on January 1, 2011 through the application of the Islamic Financial Accounting Standard No. (25) in the title of stocks, sukuk and similar instruments.

The standard has been applied retrospectively and in line with International Financial Reporting Standard No. (9) (Financial Instruments), without modifying the comparative figures. The effect of applying the standard was recognized on January 1, 2018, by reflecting the effect on retained earnings in the equity statement, with respect to the bank's own funds only.

The bank applied the requirements of Financial Accounting Standard No. (30) "Impairment of assets, credit losses and high-risk liabilities" on the mandatory application date January 1, 2020. This standard specifies the accounting treatment related to impairment and expected credit losses for financing, investments and high-risk liabilities in Islamic financial institutions.

The requirements of this standard regarding expected credit losses are substantially the same as those of IFRS 9.

The Bank's management prepared a study to determine that the application of Financial Accounting Standard No. (30) compared with International Financial Reporting Standard No. (9), and no material effects were found.

First: Descriptive Disclosures

1. The bank's risk management system, risk management procedures and the main units responsible for it:

Reviewing bank's risk management framework before approval by the Board of Directors.

Implementing risk management strategy as well as developing policies and work procedures to manage whole risk types.

Developing methodologies for identifying, measuring, controlling and detecting each type of risks.

Submitting reports to the Board members through the risk management committee and a copy of the reports to senior executive management, including information about the actual risk profile compared with accepted risk appetite, and following up and resolving negative deviations.

Submitting recommendations to the risk management committee about the Bank's risk exposure, as well as registering the exceptions in the risk management policy.

Providing the necessary information about the Bank's risks for disclosure purposes.

Reinforcing and raising awareness about risks through the best banking practices and standards.

The risk management in the bank is divided into the following sections:

Credit risk:

The bank applies a strategy commensurate with this type of risk to ensure the achievement of its strategic

objectives in developing its market share and maintaining the quality of assets and the composition of the credit portfolio. The bank also relies on well-established, conservative and prudent credit standards, policies, procedures, methodologies and general frameworks for risk management that take into account all developments in the banking and legislative environment, in addition to clear organizational structures and automated systems, in addition to diligent follow-up and effective control that enables the bank to deal with potential risks and challenges The changing environment with a high level of confidence and determination.

Credit decisions are based on the bank's business strategy and acceptable levels of risk. A review and analysis of the quality and quality of the credit portfolio is carried out periodically according to performance indicators. They also focus on diversity, which is essential to mitigate and diversify risks at the individual customer level, as well as at the sectoral and geographical level. The stress testing mechanisms are used and applied periodically, which include strict and conservative assumptions as a tool for managing the credit portfolio, along with capital planning.

The fiduciary process in the bank is an institutional and well-built process that is based on the following main pillars and principles:

- Clear and specific limits for the level of credit risk are determined at the highest administrative levels and then sent to the various business units. These limits are reviewed, monitored, and any necessary adjustments are made periodically.
- Adopting the principle of credit committees to ensure that credit decisions are not individual, but rather taken by the committees. Separating the tasks between the business sector management, the credit review department and the credit control department to achieve the principle of independence.
- Graduated fiduciary powers according to the levels of risk for each credit committee at the level of regions and public administration, which are subject to periodic review. Clear criteria for the target customer / market and the acceptable level of credit assets.
- An integrated and in-depth financial and credit analysis covering the different aspects of risk for each customer and / or credit operation. Provide senior management, credit committees and the risk management committee emanating from the board of directors with periodic reports on credit risk, the quality of the credit portfolio and the quality of the assets.
- Continuous evaluation and follow-up of any credit concentrations and strategies for dealing with them. Ensure the effectiveness and capacity of the early warning system on an ongoing basis to identify and detect potential risks.
- Effective management of the legal documentation process, the management of collateral, and its preservation and follow-up to ensure that it covers the corresponding obligations and establish appropriate mechanisms for continuous follow-up.
- The periodic and annual review of the credit facilities granted, with the aim of identifying any negative indicators related to these facilities
- Adopting and applying strict control methods and controls based on continuous monitoring of credit facilities accounts.
- The bank offers several programs for the retail sector, and they are managed at the portfolio level for each product through product programs that are prepared to cover homogeneous categories of customers. These programs are subject to review and approval on an annual basis or when needed by the relevant committees.

- The bank has applied IFRS 9 since the beginning of 2018, whereby a model was used to calculate expected losses based on a future outlook closely related to the customer's credit position, indicators of deteriorating credit performance and high credit risks for customers, taking into account macroeconomic factors based on The three stages according to the requirements of the standard, and the bank approves the credit allocations resulting from the calculation of expected credit losses according to the standard and the instructions of the Central Bank of Jordan in particular.
- A conservative mechanism in calculating provisions and collecting non-performing debts within the highest applicable accounting and oversight standards, by analyzing trends and indicators of late maturities, and this mechanism is subject to periodic credit and legal review on which results are based on non-performing debt management strategies to reduce the ratios and levels of non-performing debts and raise Levels of recovery and coverage.
- To apply stress tests periodically at the level of the portfolio and on major accounts that represent credit concentrations, and to assess the impact of these tests on capital and profits.
- The bank is continuously improving and developing all of the above aspects in line with the changes and developments in the business environment and the banking industry and taking advantage of what modern technologies provide in terms of automated systems in this field.
- The bank continuously attaches great importance to developing skills and raising the level of competencies and experiences by focusing on the involvement of its cadres working in the field of credit with specific and selected training courses and programs to qualify them to perform their duties and responsibilities efficiently and competently.

Operational risk:

It is the risk arising from inadequate or failed policies and procedures for internal processes, people, systems, or risks resulting from external events. This definition includes legal risks and excludes reputational and strategic risks (as they are evaluated and managed within special policies).

In order to determine the operational risks that the bank is exposed to, the risk management uses several tools according to international best practices, including:

CRSA self-assessment workshops for controls and risks on various bank operations.

Defining risk indicators on KRI's various operations and products.

Connecting the various bank operations, clarifying the reliability relationships between these processes, Process Mapping, and defining and evaluating the risks inherent to these operations and the controls applied to them.

Analyzing internal audit reports and internal control reports in order to discover any potential gaps and address them.

The Islamic International Arab Bank classifies operational risk events according to the best practices for "managing and controlling operational risks" issued by the Basel Committee on Banking Supervision.

Liquidity Risk

It is the ability of the bank to finance the increase of its assets and face its liabilities when due without incurring unacceptable losses, according to the definition of the Islamic Financial Services Board, and the objective of the framework for liquidity risk management is to ensure the bank's ability to meet its financial obligations due at all times and to manage liquidity risks in a consistent manner.

Within the framework of monitoring the liquidity situation, the Director of the Treasury Department and the Director of Risk Management receive daily reports on the actual, expected and optimal liquidity position of the bank.

These reports help the Director of the Treasury Department to provide the Asset and Liability Management Committee with all necessary administrative information on the liquidity position.

The bank uses various methods to measure and analyze liquidity that help the bank to plan and manage its financial resources in addition to determining mismatches in assets and liabilities, which may expose the bank to liquidity risk. These measures include day and month liquidity ratios, cumulative liquidity gap model, liquidity coverage ratio analysis (LCR), The concentrations of major depositors and the liquidity ratios according to the requirements of the Central Bank and stress testing.

The framework for testing liquidity stress conditions is one of the main tools for assessing liquidity risk within hypothetical events inspired by the bank's experience, regulatory requirements and external events related to the bank's financial statement.

Market Risk

Market risk is the probable loss arising from the change in value of the bank's portfolios due to fluctuation in stock prices, profit rates, foreign exchange rates, and commodity prices. Moreover, market risks are managed on the trading portfolio and banking portfolio in a manner consistent with Islamic Sharia. In addition, three main activities expose the bank to market risk: trading in cash market instruments, foreign currencies, and capital market instruments; trading in the banking portfolio; and trading in the trading portfolio.

The essential tools in measuring and managing market risk include:

- Net open position for foreign currencies.
- Value at risk.
- Stress testing.

Compliance with Shari'a Standards Risk:

The Islamic International Arab Bank fully adheres to Shari'a Standards in force in all of its deals. For this purpose, IIAB provides its employees from all managerial levels with Shari'a banking courses to reinforce their abilities and efficiencies and enhance their knowledge and understanding of all Shari'a Standards.

In order to ensure its compliance with Shari'a Standards, the bank established three Shari'a control units:

- Shari'a Internal Audit Department supervised directly by the Shari'a Supervisory Board.
- Shari'a control concurrent with implementation.
- Shari'a compliance in the Compliance Department.

Information security and business continuity:

The Department of Information Security and Business Continuity in Risk Management is the department concerned with following up, developing and applying international standards and internal and external laws related to information security (or cyber security) and the continuity of work in all aspects of the bank's work, and it works permanently and continuously to develop plans, projects and policies necessary to ensure the continuity of the bank's business If it is exposed to any interruption as a result of accidents or disasters, and periodic follow-up to conduct checks of the technological infrastructure to protect the bank from external and internal threats.

One of the most important projects undertaken by the department is the application and implementation of the periodic versions of the PCI-DSS standard. This project has been started since 2013 and has obtained an ISO 27001 standard for the application of security controls necessary to protect data and obtain a certificate of (ISO 22301) for the application of requirements Business continuity.

Among the most important procedures and periodic plans that are implemented, and which are of the interest of the top management are the annual examination of Business Alternative Site and Disaster Recovery Site.

Other Risks

Islamic international Arab Bank is exposed to other types of risks, which it manages proactively and prudently.

2. The bank's risk management culture and the role of risk management policies and strategies in supporting and consolidating the bank's risk culture management.

Islamic International Arab Bank concerns great importance to the process of establishing a conscious environment for the "risk culture in the bank" which translates into a set of common values, concepts, objectives and behaviors based on the best practices and standards leading in the banking sector, where the employee must be known that the risks are the result of choices and decisions and not by chance. Each employee has the role, functions and responsibilities to carry out within limited powers governed by accountability and accountability policies.

Therefore, the Bank within its training and development plans, provides its employees with specialized courses in risk management.

3. The risk limits accepted by the bank and in line with the bank's business model.

The Bank determines annually acceptable risk limits for each type of risk and within the bank's strategic planning where the bank's ability to withstand risks is determined, assessed and measured effectively and within the levels that the Bank wishes to meet in order to achieve the objectives set.

The Bank's risk tolerance reflects the desired risk levels and non-quantitative risk quality measures within an institutional governance based on global best practices.

4. Stress tests

Stress tests are an important tool used to measure the bank's ability to withstand shocks and risks as these tests aim to assess the bank's financial position and within extreme scenarios that can occur, taking into account that these tests have a future dimension and include sensitivity analysis tests and scenario analysis testing where stress tests are an essential part of risk management.

Believing in the importance of risk governance, the Bank has established a specialized committee of experts to identify and develop scenarios where the committee will make its recommendations so that risk management can implement these scenarios.

The results of the stress tests are used in decision-making and strategic planning as they are part of the implementation of the Bank's strategic plan.

The stress tests are part of the expected credit loss calculation, with the Bank conducting four scenarios (best/downside/worst/base) and determining their impact on the expected credit loss model.

The projected credit loss is calculated based on the weighted probability value (An Unbiased and - Probability Weighted Amount) for the four scenarios and based on specific weights approved in advance by the relevant committee.

5. Definition of the bank's application for default and the processing of default

The definition of default used to measure expected credit losses used to assess the change between stages is consistent with the definition of default used by the Bank's internal credit risk management, and there is an assumption that the default occurs when payment is stopped for 90 days or more.

The relationship officer communicates with the client and alerts to any negative indicators that may lead to a decrease in the quality of finances where these indicators arise from the following aspects: management, financial situation, environment, guarantees as described in the credit policy.

In order to identify the problem in advance to review the structure of the financings and re-evaluate the client credit and thus the possibility of finding a solution to avoid the classification of the client or default, the Credit Control Department issues a statement of accounts due and this list is reviewed on a daily basis by business and credit sector officials, where the official of the development of the customer relationship prepares a detailed report due to any of his clients and presents the report to the relevant authorities and committees according to the approved business procedures.

6. The bank's internal credit rating system and its operating machinery

The internal classification system adopted consisting of (10) levels to describe the risk level of each element of risk facing the client, the higher the risk is determined by the higher the risk level

Risk Levels	Risk Degree
Exceptional	1
Excellent	2
Strong	3
Average	4
Acceptable	5
Marginal	6
Watch	7
Substandard	8
Doubtful	9
Loss	10

Ratings (1-6) represent acceptable risk levels in credit and ratings (7-10) represent high risk levels and are managed prudently.

The bank's credit audit and evaluation process is governed by the credit rules and policies set out in the credit facilities policies where the borrower's credit rating is an essential element in the credit review and evaluation of credit, and for this purpose the Bank has developed and implemented an internal credit rating methodology for customers" "Bank Rating System", which evaluates the companies according to the customer's quality and quantity standards, and in parallel the Bank has implemented the Moody's Risk Analysis Classification System (MRA), a credit rating system issued by Moody's Credit Rating Agency, which is based on quality and quality standards. It should be noted that moody's rating system complements the bank's internal credit rating system and provides a mechanism that complies with Basel's instructions, the Moody's credit rating system is centrally managed in the public administration by the Department of Corporate Business and The Credit Review Department representing the departments used for the system, and the rating of customers is reviewed either using the Bank's rating system or Moody's analysis system. Annual risk when reviewing individual customer facilities.

7. The mechanism approved to calculate the expected credit losses ECL on financial instruments and each item separately.

The Bank calculates projected credit losses based on the weighted average of four scenarios to measure the expected cash deficit, discounted at the actual rate of return (APR).

Cash deficits are the difference between cash flows due to the Group in accordance with the contract and the cash flows expected to be collected.

Therefore, the mechanism for calculating the expected credit loss and the key elements are as follows:

Probability of Default (PD): An estimate of the probability of a customer defaulting within a certain time horizon. A stumble can occur in a specific period during the evaluation period.

Exposure at Default (EAD): Is the estimation of the existing balance subject to default at the moment of reporting plus any amounts expected to be exploited in the future by the client such as granted credit limits and indirect obligations where the probability of withdrawal and timing of withdrawal or

Payment of all amounts is calculated and the probability of default according to the methodology applied to direct obligations and exposures.

Loss Given Default (LGD): An estimate of the amount of potential loss on default, In the case where the default occurs at a certain time. It represents the difference between contractual cash flows and those that the bank expects to collect, including the collateral provided. It is often expressed as a percentage of the credit exposure amount at default.

8. The mechanisms for calculating expected credit losses are summarized as follows:
For the purposes of calculating expected credit losses, credit exposures are distributed according to the rating stages according to standard 9 as follows:

Stage 1
This stage includes credit exposures/debt instruments that have not been significantly increased or influenced by their credit risk since the initial recognition of exposure/instrument or have low credit risk on the date of the preparation of financial statements, including exposures and instruments that meet the following conditions:

- Low-risk exposures/debt instruments
- The debtor has a high ability to meet its short-term obligations
- The Bank does not expect adverse changes in the economy or working environment in the long term that may adversely affect the debtor's ability to meet its obligations

The expected credit loss at this stage represents the potential loss resulting from the stumble that may occur within the next 12 months of the date of the preparation of the financial statements.

Stage 2
This stage includes exposures that have been obtained by an impressive (significant) increase in their credit risk since the initial recognition, but they have not reached the stage of default yet due to the lack of objective evidence to confirm the default.

The Bank will assess on the financial statement preparation date whether credit risk has increased significantly and above the indicators specified in according to the Central Bank of Jordan instructions.

The expected credit loss of credit exposures is calculated within this phase for the full life of credit exposure/debt instrument and represents the expected credit loss resulting from all probability of default during the remaining period of the credit/debt instrument exposure life.

For the purposes of establishing income for credit exposures listed at this stage, the return is calculated on the basis of the total value of credit exposure/debt instrument recorded in the books.

Stage 3

This stage includes debt instruments where there is evidence that it has become a default (irregular) and in this case the expected credit loss for the entire life of credit exposure/debt instrument is calculated according to the factors and indicators specified according to the Central Bank of Jordan instructions where the return is suspended on the accounts listed at this stage.

The Bank will consider all the requirements and limitations of the Central Bank of Jordan to deal with exposures within this phase.

9. Governing the application of the requirements of financial accounting standard No. 30, including the responsibilities of the Board of Directors and executive management to ensure compliance with the requirements of the application of the standard.

The Bank shall take the institutional governance as a platform for action to make the necessary decisions within the proper foundations to develop performance and plans and adopt the necessary measures to ensure the accuracy of the results and the validity and integrity of the methodologies and systems used.

In order to achieve the above objectives, the Bank has established an internal committee comprising all relevant departments and departments, which develop the mechanisms of application, develop policies and procedures of work, and define tasks and responsibilities to be part of the governance of the application of this standard, where the tasks of departments and responsibilities are distributed as follows:

Committee functions:

The Committee has a role in the management process and approval of the following policies:

- The bank’s business model
- The methodology for applying the standard and related policies.
- Scenarios and future assumptions used to calculate expected credit losses.
- Certification of ECL results/allocation.
- Submit the results to the General Manager and the Board of Directors.
- Make the necessary recommendations in the topics related to the implementation of the resolution.
- Develop and agree with the Board of Directors.

Board of Directors:

- Adopting the methodology for applying the standard and related policies
- Adopt a business model through which the objectives and foundations for the acquisition and classification of financial assets are defined
- Ensure that effective control systems are in place and that the roles of the relevant entities are determined
- Ensure that the infrastructure is in place to ensure the application of the standard, which includes (human resources/ internal credit rating systems / automated systems for calculating credit losses, etc.), so that they are able to reach the results that ensure adequate hedging against expected credit losses.
- Ensure that the bank’s supervisory units, specifically risk management, internal audit management and compliance management, do all the work to verify the validity and integrity of the methodologies and activities used and provide support to these units.

The Shariah Oversight Authority

- Monitoring the bank's activities in terms of compatibility and non-violation of Islamic law
- Follow-up and review of operations to verify that they are free of any legitimate prohibitions
- Agree to bear any losses resulting from the bank's operations in relation to the owners of investment accounts.

10. Definition and the process of calculating and monitoring the probability of default and credit exposure when it defaults and the percentage of loss assuming defaults.

The Bank calculates projected credit losses based on the weighted average of four scenarios to measure the expected cash deficit, discounted at the actual rate of return (APR)

Cash deficits are the difference between cash flows due to the Group in accordance with the contract and the cash flows expected to be collected.

Therefore, the mechanism for calculating the expected credit loss and the key elements are as follows:

- Probability of Default (PD): An estimate of the probability of a customer defaulting within a certain time horizon. A stumble can occur in a specific period during the evaluation period.
- Exposure at Default (EAD): Is the estimation of the existing balance subject to default at the moment of reporting plus any amounts expected to be exploited in the future by the client such as granted credit limits and indirect obligations where the probability of withdrawal and timing of withdrawal or payment of all amounts is calculated and the probability of default according to the methodology applied to direct obligations and exposures.
- Loss Given Default (LGD): An estimate of the amount of potential loss on default, In the case where the default occurs at a certain time. It represents the difference between contractual cash flows and those that the bank expects to collect, including the collateral provided. It is often expressed as a percentage of the credit exposure amount at default.

When estimating expected credit losses, the Bank takes into account four scenarios (Base scenario, Upside scenario, Downside scenario, worst scenario) and is linked to different weights of probability of default, credit exposure when you default, and the loss ratio assuming the default.

The evaluation of multiple scenarios also includes how to recover distressed facilities, including the possibility of handling distressed facilities and the value of guarantees or amounts expected to be collected from the sale of guarantees.

With the exception of credit cards and other revolving facilities, the maximum period in which credit losses are determined is the contractual age of financial instruments unless the bank has the legal right to cancel them in advance.

11. Significant change in credit risk parameters on which the Bank relied on in calculating expected credit losses.

The Central Bank of Jordan instructions have been relied upon to implement standard (9) to set parameters of significant changes in credit risk which includes the following but not limited to:

- Reducing the borrower's internal/external or expected credit rating or credit/debt instrument exposure according to the bank's internal valuation system.
- Fundamental negative changes in the performance and behaviour of the borrower, such as late payment of installments or unwillingness to respond to the bank.
- The need to reorganize the debtor's obligations (structuring obligations) due to poor repayment capacity, declining cash flows, the need to modify contractual terms with the debtor party or to cancel (waive) some existing contractual terms due to actual/foreseeable breaches of current terms.

Information on the existence of dues on the debtor party either with the bank or with any other creditor party.

- Information about the existence of dues from the debtor party, either with the bank or with any other creditor party.
- The actual or expected negative changes in the operating activity of the borrower such as (decrease in revenues / actual or expected profit margin, increase in operating risks, deficit in working capital, decline in the quality of assets, increase in financial leverage, weakness and decline in liquidity, administrative problems, stopping part of Customer activities and others) which may materially affect the borrower's ability to repay.
- The change in the credit management methodology in the bank for the credit exposure / debt instrument due to the emergence of negative indicators and changes in the credit risk of the exposure / instrument, so that the credit risk management of exposure / the instrument is expected to become more focused and vigorously and keep it under control or that the bank will intervene with the party Debtor to manage exposure / instrument.
- Significant increase in credit risk of exposure to credit / other debt instruments attributable to the same borrower from other lenders.

12. The Bank's policy in identifying the common elements (specifications) on which credit risk and expected credit loss are measured on an aggregate basis.

The Bank's policy is based on individual basis and not on aggregate basis.

13.Key economic indicators used by the Bank in calculating expected credit loss (PD)

With many dynamic macroeconomic factors, particularly GDP, government spending, unemployment rates, oil prices, exports... The Bank conducts the necessary statistical analysis to identify important factors of "statistical significance" affecting the non-working debt rate (NPL) according to the following model:

NPL= ƒ (GDP, Government spending, un employment rates, oil price, exports ... etc.)

The results showed a statistical indication of the following factors:

- GDP
- Equity prices
- Consumer Price Index (CPI).

50. Credit Risk

1. Distribution of credit exposures according to the degree of classification as of December 31, 2020:

Bank's Internal classification	Self						
	Classification as CBJ regulations	Total of exposures value	Expected credit losses	Loss probability level (PD)	Classification as Rating entities	Classification at Default (EAD)	Average loss at Default (LGD)
		JD	JD			JD	
First: Performing exposures		52,219,298	67,290	-	-	52,219,298	-
A- Financial assets at amortized cost							
Low risk	Low risk	-	-	-	-	-	-
Acceptable risks	Acceptable risks	-	-	-	-	-	-
B- Deferred sales receivables and other receivables							
Low risk	Low risk						
Acceptable risks	Acceptable risks	52,209,428	61,333	10% TO 0.022%	-	52,209,428	45% TO 0%
Watchlist	Watchlist	9,870	5,957	24%	-	9,870	45% TO 0%
Second: Non-performing exposures		4,131,225	3,962,820	-		4,131,225	
Substandard	Substandard	24,798	24,798	100%	-	24,798	67.5% TO 0%
Doubtable	Doubtable	56,480	56,480	100%	-	56,480	67.5% TO 0%
Bad debts	Bad debts	4,049,947	3,881,542	100%	-	4,049,947	67.5% TO 0%
Total		56,350,523	4,030,110			56,350,523	
Off balance sheet items – self							
Unclassified	unclassified	129,269,111	733,085	0.0210% TO 15.5%	-	129,269,111	45% TO 0%

Bank's Internal classification	Joint						
	Classification as CBJ regulations	Total of exposures value	Expected credit losses	Loss probability level (PD)	Classification as Rating entities	Classification at Default (EAD)	Average loss at Default (LGD)
		JD	JD			JD	
First: Performing exposures		880,470,921	8,047,473	-	-	880,470,921	-
A- Financial assets at amortized cost							
Low risk	Low risk	14,336,012	117,207	1.25% TO 10%	Unrated BB- TO	14,336,012	45%
Acceptable risks	Acceptable risks	23,793,117	648,011	0.15% TO 6.5%	A+ TO B+	23,793,117	45%
B- Deferred sales receivables and other receivables							
Low risk	Low risk	8,202,296	-	0.08% TO 10%		8,202,296	-
Acceptable risks	Acceptable risks	808,002,943	5,333,310	0.021% TO 15.5%	-	808,002,943	0% TO 45%
Watchlist	Watchlist	26,136,553	1,948,945	24%	-	26,136,553	0% TO 45%
Second: Non-performing exposures		25,966,961	24,581,607		-	25,966,961	
Substandard	Substandard	2,210,076	505,178	100%	-	2,210,076	0% TO 67.55%
Doubtable	Doubtable	785,958	535,928	100%	-	785,958	0% TO 67.55%
Bad debts	Bad debts	22,970,927	23,540,501	100%	-	22,970,927	0% TO 68.95%
Total		906,437,882	32,629,080			906,437,882	
Off balance sheet items – self							
unclassified	unclassified	134,020,658	344,863	0,08% To 15,5%	-	134,020,658	0% TO 45%

2. Distribution of credit Risk according to the Economic sector:
Exposure Distribution according Financial instruments (Net) as at 31 December 2020

	Retail	Industrial	Trade	Real Estate	Agriculture	Constructions	Tourism	Transportation	Public services and facilities	shares	Financial	Government and public sector	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances with Central Bank of Jordan	-	-	-	-	-	-	-	-	-	-	-	754,107,509	754,107,509
Balances with banks and financial institutions	-	-	-	-	-	-	-	-	-	-	15,555,154	-	15,555,154
Deferred sales Receivables, Other receivables, financings and Qard Al-Hasan	333,682,605	75,594,299	279,047,478	129,870,881	30,922,604	28,572,829	2,141,024	847,809	5,249,952	273,789	223,074	-	886,426,344
Sukuk:													
Within financial assets at amortized cost	-	-	-	-	-	-	-	-	-	-	14,167,974	23,195,937	37,363,911
Other Assets													
Accrued revenues	-	-	21,386	-	-	-	-	-	-	-	126,087	198,925	346,398
Prepaid expenses	-	-	605,189	-	-	-	-	-	-	-	303,175	56,470	964,834
Total	333,682,605	75,594,299	279,674,053	129,870,881	30,922,604	28,572,829	2,141,024	847,809	5,249,952	273,789	30,375,464	777,558,841	1,694,764,150
Off- statement of financial position:													
Guarantees	-	4,032,078	13,068,086	-	480,515	15,568,167	680,588	572,042	2,398,435	-	2,011,907	-	38,811,818
Letters of credit	-	8,932,387	9,132,539	-	39,351	5,247,442	-	-	2,423,765	-	-	-	25,775,484
Acceptances	-	3,662,968	2,780,218	-	318,209	176,878	-	-	38,926	-	-	-	6,937,199
Unutilized limits	10,937,134	37,916,691	81,770,098	-	9,101,853	48,444,129	-	526,252	1,445,820	-	545,343	-	190,687,320
Total of financial position items	10,937,134	54,504,124	106,750,941	-	9,939,928	69,436,616	680,588	1,098,294	6,306,946	-	2,557,250	-	262,211,821
Total as at 31 December 2020	344,619,739	130,098,423	386,424,994	129,870,881	40,862,532	98,009,445	2,821,612	1,946,103	11,556,898	273,789	32,932,714	777,558,841	1,956,975,971
Total as at 31 December 2019	289,393,141	115,095,377	361,091,325	127,439,097	44,058,173	96,514,925	2,194,700	5,529,029	16,907,704	387,957	34,595,061	685,000,207	1,778,206,696

B. Distribution of exposures by stages according to FAS (30) and IFRS (9) (Net) as at 31 December 2020:

Item (JD)	Stage 1	Stage 2	Stage 3	Total
Retail	342,373,354	1,854,776	391,609	344,619,739
Industrial	123,479,879	5,847,872	770,672	130,098,423
Trade	354,485,954	35,700,666	(3,761,626)	386,424,994
Real Estate	122,043,191	6,368,794	1,458,896	129,870,881
Agriculture	39,184,809	1,677,723	-	40,862,532
Build Ups	74,162,703	22,706,430	1,140,312	98,009,445
Tourism	2,808,011	9,036	4,565	2,821,612
Transportation	1,946,103	-	-	1,946,103
Public services and facilities	10,513,435	1,018,235	25,228	11,556,898
shares	273,789	-	-	273,789
Financial	32,907,730	22,670	2,314	32,932,714
Government and public sector	768,486,463	9,072,378	-	777,558,841
Total	1,872,665,421	84,278,580	31,970	1,956,975,971

3. Distribution of exposures by geographical region:

Distribution of exposures according to geographical region (Net) as at 31 December 2020:

	Jordan	Other Middle East countries	Europe	America	Australia	Other	Asia	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balances with Central Bank of Jordan	754,107,509	-	-	-	-	-	-	754,107,509
Balances with banks and financial institutions	12,273,440	598,797	1,180,803	446,843	412,877	640,739	1,655	15,555,154
Deferred sales Receivables, other Receivables, financings and Qard Al-Hasan:	753,424,129	96,161,124	36,841,091	-	-	-	-	886,426,344
Within financial assets at amortized cost	3,893,200	33,470,711	-	-	-	-	-	37,363,911
Other Assets								
Accrued revenues	18,698	313,043	14,657	-	-	-	-	346,398
Prepaid expenses	964,834	-	-	-	-	-	-	964,834
Total	1,524,681,810	130,543,675	38,036,551	446,843	412,877	640,739	1,655	1,694,764,150
Guarantees	38,811,818	-	-	-	-	-	-	38,811,818
Letters of credit	25,775,484	-	-	-	-	-	-	25,775,484
Acceptances	6,937,199	-	-	-	-	-	-	6,937,199
Other obligations	190,687,320	-	-	-	-	-	-	190,687,320
Total Off-Balance sheet	262,211,821	-	-	-	-	-	-	262,211,821
Total as at 31 December 2020	1,786,893,631	130,543,675	38,036,551	446,843	412,877	640,739	1,655	1,956,975,971
Total as at 31 December 2019	1,608,535,534	129,794,753	24,106,778	15,638,198	-	52,643	78,790	1,778,206,696

Distribution of exposures by stages according to IFRS (9) (Net) as at 31 December 2020:

Item (JD)	Stage 1	Stage 2	Stage 3	Total
Jordan	1,711,655,459	75,206,202	31,970	1,786,893,631
Other Middle East countries	121,471,297	9,072,378	-	130,543,675
Europe	38,036,551	-	-	38,036,551
America	446,843	-	-	446,843
Asia	1,655	-	-	1,655
Australia	412,877	-	-	412,877
Other countries	640,739	-	-	640,739
Total	1,872,665,421	84,278,580	31,970	1,956,975,971

4- Total credit exposures and fair value of collaterals as at 31 December 2020:
A. Total exposures of the bank's portfolio as at 31 December 2020:

Item (JD)	Total Exposures	Collaterals fair value							Net exposures after collaterals	(ECL)
		Cash margins	Quoted Shares	Banks guarantees	Real estate	Vehicles and equipment	Other	Total collaterals		
Balances with Central Bank of Jordan	754,107,509	-	-	-	-	-	-	-	754,107,509	-
Balances with banks and financial institutions	15,555,154	-	-	-	-	-	-	-	15,555,154	-
Deferred sales Receivables and other Receivables:										
Retail	337,830,669	1,113,221	-	-	18,296,621	57,766,478	-	77,176,320	260,654,349	3,655,814
Real estate financing	132,569,940	-	-	-	9,528,500	2,867,511	-	12,396,011	120,173,929	2,419,679
Corporates:										
Large Companies	353,375,467	3,878,960	-	-	86,549,000	651,687	-	91,079,647	262,295,820	25,299,103
Small and medium enterprises	100,883,200	3,210,115	-	-	5,734,157	3,049,808	-	11,994,080	88,889,120	4,519,376
Sukuk:										
Within financial assets at amortized cost	38,129,129	-	-	-	-	-	-	-	38,129,129	765,218
Other Assets:										
Accrued revenues	346,398	-	-	-	-	-	-	-	346,398	-
Prepaid expenses	964,834	-	-	-	-	-	-	-	964,834	-
Total	1,733,762,300	8,202,296	-	-	120,108,278	64,335,484	-	192,646,058	1,541,116,242	36,659,190
Off- statement of financial position items:										
Guarantees	39,187,351	3,503,066	-	-	-	-	-	3,503,066	35,684,285	375,533
Letters of credit	25,980,043	1,366,662	-	-	-	-	-	1,366,662	24,613,381	204,559
Acceptances	6,965,759	-	-	-	-	-	-	-	6,965,759	28,560
Unutilized limits	191,156,616	-	-	-	22,832,808	-	930,794	23,763,602	167,393,014	469,296
Total off- statement of financial position items	263,289,769	4,869,728	-	-	22,832,808	-	930,794	28,633,330	234,656,439	1,077,948
Total as at 31 December 2020	1,997,052,069	13,072,024	-	-	142,941,086	64,335,484	930,794	221,279,388	1,775,772,681	37,737,138

B. Credit exposures within stage 3 as at 31 December 2020:

Item (JD)	Total exposures	Collaterals fair value							Net exposures after collaterals	(ECL)
		Cash margins	Quoted shares	Bank guarantees	Real estate	Vehicles and equipment	Other	Total collaterals		
Retail	3,759,928	-	-	-	84,509	10,000	-	94,509	3,665,419	2,876,069
Real estate financing	3,019,248	-	-	-	2,534,248	154,300	-	2,688,548	330,700	1,280,972
Corporates:										
Large Companies	19,223,856	257,571	-	-	4,610,065	43,500	-	4,911,136	14,312,720	21,389,425
Small and medium enterprises	4,095,154	123,048	-	-	994,198	974,166	-	2,091,412	2,003,742	2,997,961
Total	30,098,186	380,619	-	-	8,223,020	1,181,966	-	9,785,605	20,312,581	28,544,427
Off- statement of financial position items										
Guarantees	977,415	90,798	-	-	-	-	-	90,798	886,617	160,244
Total off- statement of financial position items	977,415	90,798	-	-	-	-	-	90,798	886,617	160,244
Total	31,075,601	471,417	-	-	8,223,020	1,181,966	-	9,876,403	21,199,198	28,704,671

5-Total reclassified credit exposures and total expected credit losses:
A. Total reclassified credit exposure as at 31 December 2020:

Item (JD)	Stage 2		Stage 3		Total reclassified exposures	Percentage of reclassified exposures
	Total exposures	Reclassified exposures	Total exposures	Reclassified exposures		
Deferred sales Receivables and other Receivables	51,478,343	36,050,643	30,098,186	3,815,164	39,865,807	48%
Financial assets at amortized cost	9,607,863	2,836,000	-	-	2,836,000	30%
Total	61,086,206	38,886,643	30,098,186	3,815,164	42,701,807	46%
Off- statement of financial position items:						
Guarantees	2,689,650	3,632,614	977,415	1,465,068	5,097,682	139%
Letters of credit	175,393	274,894	-	-	274,894	157%
Acceptances	250,146	-	-	-	-	-
Unutilized limits	25,261,563	12,442,469	-	-	12,442,469	49%
Total off- statement of financial position items	28,376,752	16,349,977	977,415	1,465,068	17,815,045	60%
Total	89,462,958	55,236,620	31,075,601	5,280,232	60,516,852	50%

B. The amount of expected credit losses as at 31 December 2020:

Item (JD)	Stage 2		Stage 3		Total reclassified exposures	Percentage of exposures
	Total exposures	Reclassified exposures	Total exposures	Reclassified exposures		
Deferred sales Receivables and other Receivables	4,413,917	820,586	28,544,427	145,974	966,560	3%
Financial assets at amortized cost	630,731	33,279	-	-	33,279	5%
Total	5,044,648	853,865	28,544,427	145,974	999,839	3%
Off- statement of financial position items:						
Guarantees	70,577	8,167	160,244	86	8,253	4%
Letters of credit	35,607	7,397	-	-	7,397	20%
Unutilized limits	128,792	4,382	-	-	4,382	3%
Total off- statement of financial position items	234,976	19,946	160,244	86	20,032	5%
Total	5,279,624	873,811	28,704,671	146,060	1,019,871	3%

C. Reclassified credit losses:

Item (JD)	Reclassified exposures			ECL for Reclassified exposures				
	Total exposures reclassified from stage 2	Total exposures reclassified from stage 3	Total exposure reclassified	Stage 2 (individual)	Stage 2 (collective)	Stage 3 (individual)	Stage 3 (collective)	Total
Deferred sales Receivables and other Receivables	9,794,381	1,445,419	11,239,800	525,426	-	551,373	-	1,076,799
Total	9,794,381	1,445,419	11,239,800	525,426	-	551,373	-	1,076,799
Off- statement of financial position items:								
Guarantees	290,342	485,334	775,676	12,547	-	-	-	12,547
Letters of credit	-	-	-	-	-	-	-	-
Acceptances	524,812	-	524,812	-	-	-	-	-
Unutilized limits	2,422,923	777,088	3,200,011	32,487	-	-	-	32,487
Total off- statement of financial position items	3,238,077	1,262,422	4,500,499	45,034	-	-	-	45,034
Total	13,032,458	2,707,841	15,740,299	570,460	-	551,373	-	1,121,833

51\A. Credit Risk

1. Exposures to Credit Risk (after provision for expected credit losses and before collateral held and other risk mitigating factors)

Statement	Joint		Self		Total	
	31 December		31 December		31 December	
	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD
financial position items:						
Balances with Central Bank	-	-	754,107,509	665,630,526	754,107,509	665,630,526
Balances with banks and financial institutions	-	-	15,555,154	18,802,906	15,555,154	18,802,906
Deferred Sales Receivables and Other Receivables:						
Retail	283,002,876	232,251,886	50,679,729	46,475,343	333,682,605	278,727,229
Real estate financings	129,870,881	127,439,097	-	-	129,870,881	127,439,097
Corporates:						
Large companies	325,605,630	335,319,278	1,489,373	1,636,722	327,095,003	336,956,000
Small and medium enterprises	95,643,629	56,556,409	134,226	70,200	95,777,855	56,626,609
Sukuk:						
Within financial assets at amortized cost	37,363,911	33,342,745	-	-	37,363,911	33,342,745
Other assets						
Accrued revenue	346,398	409,367		-	346,398	409,367
Prepaid expenses	-	-	964,834	1,002,227	964,834	1,002,227
Off – Statement of Financial Position:						
Letters of Guarantee	-	-	38,811,818	39,073,196	38,811,818	39,073,196
Letters of credit	-	-	25,775,484	30,752,592	25,775,484	30,752,592
Acceptances	-	-	6,937,199	13,159,420	6,937,199	13,159,420
Unutilized limits	133,675,795	122,727,687	57,011,525	53,557,095	190,687,320	176,284,782
Total	1,005,509,120	908,046,469	951,466,851	870,160,227	1,956,975,971	1,778,206,696

2. Distribution of Credit Risk Exposure according to the degree of risk, Central Bank of Jordan regulations, and the International Financial Reporting Standards.

The credit exposure is distributed according to the degree of risk according to the following table:

31 December 2020	Joint							Self						
	Retail	Real estate	Large companies	Medium enterprises	Banks and other financial institutions	Government and public sector	Total	Government and public sector	Banks and other financial institutions	Large companies	Medium enterprises	Retail	Total	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Low risk	1,113,221	-	3,878,960	3,210,115	-	14,439,691	22,641,987	754,163,979	-	-	-	-	754,163,979	776,805,966
Acceptable risk	310,967,932	144,591,725	315,012,130	93,881,977	14,311,341	9,703,109	888,468,214	-	15,555,154	2,253,976	138,269	50,725,731	68,673,130	957,141,344
Past due														
Up to 30 days	133,382	105,209	1,569,353	55,566	-	-	1,863,510	-	-	-	-	-	-	1,863,510
From 31 to 59 days (stage 2)	1,266,910	5,070	652,515	286,499	-	-	2,210,994	-	-	-	-	-	-	2,210,994
Watch list	1,086,644	3,005,054	18,906,643	3,138,212	-	-	26,136,553	-	-	-	502	9,368	9,870	26,146,423
Non-performing:														
Sub-standard	485,805	847,562	677,308	199,401	-	-	2,210,076	-	-	-	117	24,681	24,798	2,234,874
Doubtful	606,650	102,238	-	77,070	-	-	785,958	-	-	-	1,070	55,410	56,480	842,438
Bad debts	2,059,008	2,069,448	15,189,764	3,652,707	-	-	22,970,927	-	-	3,356,784	164,789	528,374	4,049,947	27,020,874
Total	317,719,552	150,726,306	355,886,673	104,501,547	14,311,341	24,142,800	967,288,219	754,163,979	15,555,154	5,610,760	304,747	51,343,564	826,978,204	1,794,266,423
Less:														
Deferred revenue	31,232,447	18,156,366	7,192,032	3,923,094	-	-	60,503,939	-	-	184	-	-	184	60,504,123
Revenues in suspense	492,250	279,380	964,276	585,969	-	-	2,321,875	-	-	17,085	-	-	17,085	2,338,960
Provision for impairment	2,991,979	2,419,679	22,103,349	4,348,855	17,280	747,938	32,629,080	-	-	3,195,754	170,521	663,835	4,030,110	36,659,190
Net	**283,002,876**	**129,870,881**	**325,627,016**	**95,643,629**	**14,294,061**	**23,394,862**	**871,833,325**	**754,163,979**	**15,555,154**	**2,397,737**	**134,226**	**50,679,729**	**822,930,825**	**1,694,764,150**

31 December 2019	Joint							Self						Total
	Retail	Real estate	Large companies	Medium enterprises	Banks and other financial institutions	Government and public sector	Total	Government and public sector	Banks and other financial institutions	Large companies	Medium enterprises	Retail	Total	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Low risk	1,221,534	-	8,255,533	3,593,322	-	19,380,197	32,450,586	665,630,526	-	-	-	-	665,630,526	698,081,112
Acceptable risk	259,842,836	142,105,912	332,428,425	54,464,442	14,329,446	-	803,171,061	54,740	18,802,906	2,401,950	67,713	46,536,838	67,864,147	871,035,208
Past due														
Up to 30 days	393,337	9,646	127,594	61,389	-	-	591,966	-	-	-	-	-	-	591,966
From 31 to 59 days (stage 2)	1,771,149	147,701	2,616,989	515,279	-	-	5,051,118	-	-	21,446	2,621	7,907	31,974	5,083,092
Watch list	1,548,078	4,220,946	4,587,740	995,353	-	-	11,352,117	-	-	1,761	-	7,813	9,574	11,361,691
Non-performing:														
Sub-standard	627,950	845,758	203,630	756,363	-	-	2,433,701	-	-	-	4,396	34,075	38,471	2,472,172
Doubtful	720,654	466,082	1,230,417	355,715	-	-	2,772,868	-	-	-	29,844	104,828	134,672	2,907,540
Bad debts	1,197,591	1,890,942	15,085,509	3,265,327	-	-	21,439,369	-	-	3,517,809	185,294	392,629	4,095,732	25,535,101
Total	267,323,129	149,686,987	364,535,837	64,007,190	14,329,446	19,380,197	879,262,786	665,685,266	18,802,906	5,942,966	289,868	47,084,090	737,805,096	1,617,067,882
Less:														
Deferred revenue	32,141,871	19,761,982	8,092,111	3,694,505	-	-	63,690,469	-	-	301	-	-	301	63,690,770
Revenues in suspense	287,178	158,260	1,132,256	410,035	-	-	1,987,729	-	-	16,968	6,067	-	23,035	2,010,764
Provision for impairment	2,642,194	2,327,648	19,865,953	3,346,241	18,514	65,256	28,265,806	-	-	3,341,488	213,601	608,747	4,163,836	32,429,642
Net	232,251,886	127,439,097	335,445,517	56,556,409	14,310,932	19,314,941	785,318,782	665,685,266	18,802,906	2,584,209	70,200	46,475,343	733,617,924	1,518,936,706

Fair value of collaterals against deferred sales receivables, other receivables and financings:

2020	Joint					Self					Total
	Retail	Real estate financing	Large companies	Small and medium enterprises	Total	Retail	Real estate financing	Large companies	Small and medium enterprises	Total	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Collaterals against:											
Low risk	1,113,221	-	3,878,960	3,210,115	8,202,296	-	-	-	-	-	8,202,296
Acceptable risk	72,574,902	10,054,657	78,597,791	7,617,959	168,845,309	-	-	-	-	-	168,845,309
Watch list	1,012,040	1,201,175	3,253,879	278,328	5,745,422	-	-	-	-	-	5,745,422
Non-performing:											
Sub-standard	256,793	232,566	359,134	60,500	908,993	-	-	-	-	-	908,993
Doubtful	202,613	-	-	5,274	207,887	-	-	-	-	-	207,887
Bad debts	2,016,751	907,613	4,107,396	821,904	7,853,664	-	-	882,487	-	882,487	8,736,151
Total	77,176,320	12,396,011	90,197,160	11,994,080	191,763,571	-	-	882,487	-	882,487	192,646,058
Of which:											
Cash margins	1,113,221	-	3,878,960	3,210,115	8,202,296	-	-	-	-	-	8,202,296
Real estate	18,296,621	9,528,500	85,666,513	5,734,157	119,225,791	-	-	882,487	-	882,487	120,108,278
Quoted shares	-	-	-	-	-	-	-	-	-	-	-
Vehicles and equipment	57,766,478	2,867,511	651,687	3,049,808	64,335,484	-	-	-	-	-	64,335,484
Accepted bank guarantees	-	-	-	-	-	-	-	-	-	-	-
	77,176,320	12,396,011	90,197,160	11,994,080	191,763,571	-	-	882,487	-	882,487	192,646,058

2019	Joint					Self					
	Retail	Real estate financing	Large companies	Small and medium enterprises	Total	Retail	Real estate financing	Large companies	Small and medium enterprises	Total	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Collaterals against:											
Low risk	1,221,534	-	8,255,533	3,593,322	13,070,389	-	-	-	-	-	13,070,389
Acceptable risk	73,785,491	13,472,925	77,549,750	7,945,923	172,754,089	-	-	-	-	-	172,754,089
Watch list	725,831	9,231	1,211,332	47,447	1,993,841	-	-	-	-	-	1,993,841
Non-performing:											
Sub-standard	779,611	692,572	-	199,999	1,672,182	-	-	-	-	-	1,672,182
Doubtful	460,195	1,292,903	-	75,833	1,828,931	-	-	-	-	-	1,828,931
Bad debts	1,887,023	976,935	4,164,791	439,355	7,468,104	-	-	882,653	-	882,653	8,350,757
Total	78,859,685	16,444,566	91,181,406	12,301,879	198,787,536	-	-	882,653	-	882,653	199,670,189
Of which:											
Cash margins	1,221,534	-	8,255,533	3,593,322	13,070,389	-	-	-	-	-	13,070,389
Real estate	20,234,800	13,753,030	82,341,657	5,429,734	121,759,221	-	-	882,653	-	882,653	122,641,874
Quoted shares	-	-	-	-	-	-	-	-	-	-	-
Vehicles and equipment	57,403,351	2,691,536	584,216	3,278,823	63,957,926	-	-	-	-	-	63,957,926
Accepted bank guarantees	-	-	-	-	-	-	-	-	-	-	-
Total	78,859,685	16,444,566	91,181,406	12,301,879	198,787,536	-	-	882,653	-	882,653	199,670,189

3- Sukuk: The following table shows the classification of Sukuk according to external rating agencies:

Rating grade	Rating agency	Within financial assets at amortized cost
		JD
A+	Fitch	3,540,037
A-	Fitch	10,627,937
B+	S & P	8,977,132
BBB-	S & P	3,546,338
BB-	Fitch	6,779,267
Unrated/guaranteed by Jordanian government		3,893,200
Total		37,363,911

Deferred Sales Receivables and Other Receivables and Re-Scheduled Financings:

These are the receivables previously rated as non-performing receivables/financings and excluded from the non-performing receivables and financings framework by virtue of Re-scheduling. These receivables have been classified within watch-list receivables/financings and amounted to JD 1,459 thousand as at 31 December 2020, regardless of whether they remain in the watch list or get transferred to the performing receivables (JD 1,005 thousand as at 31 December 2019).

Deferred Sales Receivables and Other Receivables and Re-structured Financings:

Restructuring means re-arranging receivables/financings in terms of amending installments, extending their life of receivables/financings, deferring some installments, or extending their grace period. They are classified as watch-list receivables/financings and amounted to JD 33,683 thousand as at 31 December 2020 (JD 25,208 thousand as at 31 December 2019).

4. Concentration of Credit Risk Exposures as per Geographical Distribution is as follows:

Item / Geographical Area	Jordan	Other middle eastern countries	Europe	America	Australia	Other	Asia	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balances with Central Bank of Jordan	754,107,509	-	-	-	-	-	-	754,107,509
Balances with banks and financial institutions	12,273,440	598,797	1,180,803	446,843	412,877	640,739	1,655	15,555,154
Deferred Sales Receivables: other Receivables and Financings:								
Retail	333,682,605	-	-	-	-	-	-	333,682,605
Real estate financings	129,870,881	-	-	-	-	-	-	129,870,881
Corporates:								
Large companies	194,092,788	96,161,124	36,841,091	-	-	-	-	327,095,003
Small and medium enterprises	95,777,855	-	-	-	-	-	-	95,777,855
Within financial assets at amortized cost	3,893,200	33,470,711	-	-	-	-	-	37,363,911
Other Assets:								
Accrued revenue	18,698	313,043	14,657	-	-	-	-	346,398
Prepaid expenses	964,834	-	-	-	-	-	-	964,834
Total as at 31 December 2020	1,524,681,810	130,543,675	38,036,551	446,843	412,877	640,739	1,655	1,694,764,150
Total as at 31 December 2019	1,349,265,544	129,794,753	24,106,778	-	52,643	15,716,988	-	1,518,936,706

5. Concentration of Credit Risk Exposures as per Economic Concentration is as follows:

Item / Sector	Retail	Industrial	Trading	Real Estate	Agriculture	Constructions	Tourism	Transportation	Services and public utilities	Shares	Finance	Government and public sector	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at Central Bank of Jordan	-	-	-	-	-	-	-	-	-	-	-	754,107,509	754,107,509
Balances at banks and financial institutions	-	-	-	-	-	-	-	-	-	-	15,555,154	-	15,555,154
Deferred sales Receivables, other receivables, and Financings	333,682,605	75,594,299	279,047,478	129,870,881	30,922,604	28,572,829	2,141,024	847,809	5,249,952	273,789	223,074	-	886,426,344
Sukuk:													
Within financial assets at amortized cost	-	-	-	-	-	-	-	-	-	-	14,167,974	23,195,937	37,363,911
Other assets													
Accrued revenues	-	-	21,386	-	-	-	-	-	-	-	126,087	198,925	346,398
Prepaid expenses	-	-	605,189	-	-	-	-	-	-	-	303,175	56,470	964,834
Total as at 31 December 2020	333,682,605	75,594,299	279,674,053	129,870,881	30,922,604	28,572,829	2,141,024	847,809	5,249,952	273,789	30,375,464	777,558,841	1,694,764,150
Total as at 31 December 2019	278,727,229	65,211,533	224,381,576	127,439,097	29,791,282	53,418,709	2,056,272	4,379,674	13,548,109	387,957	34,595,061	685,000,207	1,518,936,706

51\B- Market Risk

The Bank adopts financial policies for managing various risk within a defined strategy. Moreover, the bank's assets and liabilities management committee monitors, and controls risks and carries out the optimal strategic distribution for assets and liabilities, whether on- or off-the statement of financial position. These risks include:

- Updating the Bank's investment policies; presenting them periodically to the Board of Directors for approval; reviewing the implementation of the investment policies and evaluating their results in comparison with the market indicators and banking competitiveness.
- Forming investment decision-making committees and vesting authority's inconformity with the Bank's investment policy.
- Setting-up an annual investment plan, taking into consideration projections of the Assets and Liabilities Committee in respect of the expected returns and market rate fluctuations. The plan has to include the investment instruments available in the low-risk market.
- Preparing reports on the market rates and presenting them to the Assets and Liabilities Committee to monitor any sudden drop in the prices of the invested financial instruments to avoid the risks of market rates fluctuations.

1. Rate of Return Risks

Rate of return risks arise from the increase in long-term fixed rates in the market, which do not correspond immediately with the emerging changes in the high return index. The necessary steps must be taken to ensure availability of administrative measures related to renewal, measurement and follow-up of the average return risk. Moreover, reports should be prepared on rate of return risks. They should also be monitored, and the soundness of their structure should be verified.

The Bank is exposed to the average return risks due to a gap in the amounts of assets and liabilities as per the multiple maturity times or due to re-pricing of the average return over the subsequent transactions during a specific period. The Bank manages such risks by determining the future profit rates in accordance with the projections of market conditions and developing new instruments that are Shari'a compliant through the Bank's risk management strategy.

Obtaining the best possible returns available in the market based on the International Market Index (LIBOR) and (JODIBOR) as a standard and benchmark for both the portfolio and investments managed by the Bank.

Observing the risks arising from these investments based on the diversity option based on countries, institutions, and regions; and ensuring mitigation of the risk effects arising from managing investment.

Complying with management of investments by matching the Bank's liabilities, represented by deposits, and assets in foreign currencies comprised of investments in foreign currencies. Accordingly, term restricted deposits are invested on a short-term investment basis while the long- term deposits are invested on a medium- or long- term investment basis.

2. Foreign Exchange Risk

Foreign currencies are managed on a spot basis rather than on a forward basis. Accordingly, the foreign currency positions are monitored daily, and so are the limits for the positions for every currency. Moreover, the Bank's general policy for managing foreign currencies is based on liquidating the position on time and covering the required positions as per the customers' needs. In respect of open foreign currency positions held against each other, the Bank relies on the instructions of the Central Bank of Jordan. These instructions prescribe that licensed banks should hold open positions (long and short) in foreign currencies, not exceeding 5% of the shareholders' equity for each currency separately. This percentage does not apply to the US Dollar, as it is a base currency. As such, the total position for all currencies may not exceed 15% of the shareholders' equity of the Bank.

	Change in Currency Exchange Rate	Effect on Profit and Loss	Effect on Shareholders' Equity
2020	(%)	JD	JD
USD	5%	266,910	-
EUR	5%	2,660	-
GBP	5%	(1,089)	-
Other currencies	5%	37,301	-

	Change in Currency Exchange Rate	Effect on Profit and Loss	Effect on Shareholders' Equity
2019	(%)	JD	JD
Total USD	5%	64,390	-
EUR	5%	817	-
GBP	5%	79	-
Other currencies	5%	28,187	-

3. Change in Share Prices Risk

The policy adopted by the bank regarding the management of stocks and securities is based on analyzing the financial indicators of these prices and evaluating them fairly based on stock valuation models, taking into account the risks of change in the fair value of investments that the bank works to manage by diversifying investments and diversifying economic sectors.

2020	Change in the Index	Effect on Profit and Loss	Effect on Shareholders' Equity	Effect on joint investments accounts holders
Indicator	(%)	JD	JD	JD
Financial Markets	%5	-	281,495	161,962
2019	Change in the Index	Effect on Profit and Loss	Effect on Shareholders' Equity	Effect on joint investments accounts holders
Indicator	(%)	JD	JD	JD
Financial Markets	%5	-	280,847	133,122

4. Commodities' Risks

The commodities' risks arise from the fluctuations in the prices of tradable or leasable assets. Moreover, they are associated with the present and future fluctuations in the market values of specific assets. In this respect, the bank is exposed to the fluctuations in the prices of commodities bought and fully paid for after signing sales contracts and during the year of acquisition. It is also exposed to the fluctuations in the residual value of the leased premises as at the end of the lease period.

Concentration of Foreign Currency Risk

31 December 2020	(To the nearest 000 JDs)					
	US Dollar	Euro	Sterling Pound	Japanese Yen	Others	Total (JD)
Assets:						
Cash and Balances with Central Bank	15,980	312	26	-	26	16,344
Balances with banks and financial institutions	843	11,724	304	2	2,449	15,322
Sales receivables, other receivables, financings and Ijara	137,402	17	3,574	-	6,324	147,317
Financial assets at fair value through shareholders' equity	5,488	-	-	-	-	5,488
Financial assets at amortized cost	33,471	-	-	-	-	33,471
Other assets	338	-	-	-	2	340
Total assets	193,522	12,053	3,904	2	8,801	218,282
Liabilities:						
Banks and financial institutions' account	-	-	-	-	-	-
Customers' deposits (current, savings and long term)	182,350	10,744	3,877	1	7,885	204,857
Cash margins	2,477	105	42	1	10	2,635
Other liabilities	2,721	1,151	8	-	160	4,040
Total Liabilities	187,548	12,000	3,927	2	8,055	211,532
Net concentration within the statement of financial position for the current year	5,974	53	(23)	-	746	6,750
Contingent liabilities off- statement of financial position for the current year	31,544	5,065	-	74	444	37,127
31 December 2019						
Total Assets	189,655	15,966	3,640	1	8,223	217,485
Total Liabilities	187,770	15,950	3,639	1	7,660	215,020
Net Concentration within the Statement of Financial Position	1,885	16	1	-	563	2,465
Contingent Liabilities off- Statement of Financial Position	40,638	6,144	-	38	338	47,158

51\C- Liquidity Risk

Management of cash liquidity is a clear expression of the bank's ability to meet its cash obligations in the short and long terms within its general strategic frame work that aims at realizing an optimal return on its investments .Moreover , the bank's cash liquidity is reviewed and studied over many years .At the branches, the branch's management and Treasury review and study the cash obligations and the available funds daily. On the bank's level in general, cash liquidity is studied by the Financial Control Department and General Treasury Department daily. Moreover, the cash liquidity and the Bank's assets and liabilities are studied and analyzed on a monthly basis. The cash liquidity review includes analyzing the maturity dates of assets and liabilities as a whole to ensure that they match properly. Their view also includes analyzing the sources of funds in accordance with the nature of their sources and uses.

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

31 December 2020	(To the nearest 000JDs)							
	Less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to one year	Up to 3 years	More than 3 years	Without maturity	Total
Liabilities								
Banks and financial institutions accounts	262	-	-	-	-	-	-	262
Customers' current accounts	268,901	107,144	85,508	63,873	195,769	-	-	721,195
Cash margins	14,190	149	4,867	11,434	-	-	-	30,640
Other provisions	-	-	-	-	-	-	3,546	3,546
Income tax provision	2,996	-	8,363	-	-	-	-	11,359
Deferred tax liability	-	-	-	-	-	-	296	296
Lease liability	-	-	82	285	539	3,846	-	4,752
Other Liabilities	21,973	3,889	1,302	-	-	-	1,078	28,242
Provision of future expected investment risks	-	-	-	-	-	-	4,037	4,037
Joint investment accounts	244,293	269,719	162,707	739,094	78,403	-	-	1,494,216
Total	552,615	380,901	262,829	814,686	274,711	3,846	8,957	2,298,545
Total Assets (according to expected maturities)	907,665	244,902	122,828	234,393	491,714	472,096	69,593	2,543,191

31 December 2019	(To the nearest 000JDs)							
	Less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to one year	Up to 3 years	More than 3 years	Without maturity	Total
Liabilities								
Banks and financial institutions accounts	2,103	-	-	-	-	-	-	2,103
Customers' current accounts	252,839	101,296	80,969	60,643	181,800	-	-	677,547
Cash margins	17,553	1,717	3,214	9,076	-	-	-	31,560
Other provisions	-	-	-	-	-	-	3,248	3,248
Income tax provision	2,117	-	8,621	-	-	-	-	10,738
Deferred tax liability	-	-	-	-	-	-	292	292
Lease liability	-	-	310	525	1,671	2,294	-	4,800
Other Liabilities	19,744	10,727	1,215	-	-	-	561	32,247
Investment risks fund	-	-	384	-	-	-	-	384
Provision of future expected investment risks	-	-	-	-	-	-	13,080	13,080
Joint investment accounts	396,174	300,381	179,910	371,173	62,554	-	-	1,310,192
Total	690,530	414,121	274,623	441,417	246,025	2,294	17,181	2,086,191
Total Assets (according to expected maturities)	805,311	233,303	137,585	186,390	435,643	445,330	56,827	2,300,389

Second: Off-Statement of Financial Position Items

	Up to One Year	
	2020	2019
	JD	JD
Letters of credit and acceptances	32,945,802	44,164,969
Unutilized limits	191,156,616	176,411,846
Letters of Guarantees	39,187,351	39,254,598
Total	263,289,769	259,831,413

52. Information about the Bank's Business Sectors

A. Information about the Bank's Activities

The Bank is organized, for administrative purposes, whereby the sectors are measured in accordance with the reports used by the Bank's executive manager and decision-maker through the following four major sectors:

Retail Banking

This includes following up on the joint investment accounts, deferred sales receivables, financings, credit cards and other services.

Corporate Banking

This includes following up on the joint investment accounts, deferred sales receivables, financing and other banking services related to corporate costumers.

Treasury

This sector includes providing trading and treasury services and management of the Bank's funds.

Other

It includes any unusual matters not belonging to the above sectors.

The following represents information about the Bank's business sectors distributed according to activities (amounts in 000 JD):

	Retail	Corporates	Treasury	Others	Total 31 December 2020	Total 31 December 2019
	JD	JD	JD	JD	JD	JD
Gross income (Joint and Self)	54,260	21,175	4,895	-	80,330	85,711
Share of Investment Risks Fund	-	-	-	-	-	(3,513)
ECL of sales receivables and other receivables - self	-	(165)	-	-	(165)	(195)
Recoveries from ECL - joint	1,005	2,193	-	-	3,198	3,914
Business Sector Results	55,265	23,203	4,895	-	83,363	85,917
Undistributed expenses	(15,085)	(4,041)	(313)	(19,198)	(38,637)	(37,430)
Income before Tax	40,180	19,162	4,582	(19,198)	44,726	48,487
Income tax	(12,817)	(6,113)	(1,462)	6,106	(14,286)	(14,103)
Income for the Year	27,363	13,049	3,120	(13,092)	30,440	34,384
Segment's Assets	1,074,728	449,265	949,857	-	2,473,850	2,242,928
Sector's Undistributed Assets	-	-	-	69,341	69,341	57,461
Total Segment's Assets	1,074,728	449,265	949,857	69,341	2,543,191	2,300,389
Segment's Liabilities, Joint Investment Equity and ECL provision	1,610,729	637,218	262	-	2,248,209	2,025,431
Undistributed Liabilities, Joint Investment Equity and ECL provision	-	-	-	50,336	50,336	60,760
Total Segment's Liabilities, Joint Investment Equity and Investment Risk Fund	1,610,729	637,218	262	50,336	2,298,545	2,086,191
					2020	2019
					JD	JD
Capital expenses	-	-	-	1,835	1,835	2,446
Depreciation and Amortization	1,556	4	2	957	2,519	3,224
Right of use assets	5,383	247	-	-	5,630	5,708
Right of use assets-amortization	1,088	113	-	-	1,201	1,091

B. Information on the Geographical Distribution

This note represents the geographical distribution of the Bank's operations. The Bank performs its operations mainly in the Hashemite Kingdom of Jordan, and these operations represent the local activities.

The following is the distribution of the bank's income, assets and capital expenditures as per geographical sector based on their measurement method in accordance with the reports used by the Bank's Executive Manager and decision-maker at the Bank:

	(To the nearest 000 JDs)					
	Inside Kingdom		Outside Kingdom		Total	
	2020	2019	2020	2019	2020	2019
Gross income	79,499	79,408	4,029	10,217	83,528	89,625
Total assets	2,372,196	2,130,718	170,995	169,671	2,543,191	2,300,389
Capital expenses	1,835	2,446	-	-	1,835	2,446

53. Capital Management

The bank's management takes into consideration the requirements of the Central Bank of Jordan. These requirements necessitate making available sufficient self-funds to cover a specific rate of the risk-weighted assets consistent with the nature of the granted financing and direct investment for this purpose. Moreover, capital consists of what the Central Bank has determined as regulatory capital (being the primary capital and the supplementary capital).

The capital's Management aims at investing the funds in financial instruments with various risks (high risk and low risk) in order to realize a good return as well as to realize the capital adequacy ratio of 12% required by the Central Bank.

The most significant reason for the change in regulatory capital during the year is that profits realized during the year were not distributed but rather capitalized in shareholders' equity through the statutory, voluntary and special reserves.

The Capital Adequacy ratio is calculated based on the Central Bank of Jordan regulations and the (IFSB). The following represents the Capital Adequacy ratio compared to prior year:

	(to the nearest 000 JDs) 31 December 2020	(to the nearest 000 JDs) 31 December 2019
	JD	JD
Common equity Tier 1 – net (CET1)	228,434	210,164
Common equity Tier 1 – (CET1)	244,476	214,124
Authorized and paid up capital	100,000	100,000
Statutory reserve	39,733	35,261
Voluntary reserve	4,262	4,262
Retained earnings	100,166	74,199
Fair value reserve	484	476
Bank's share from fair value reserve – joint	(169)	(74)
Less:		
Intangible assets	(975)	(1,110)
Proposed profit for distribution	(12,000)	-
Retained earnings restricted to use	(181)	(181)
Deferred tax assets – self and joint (After deducting deferred tax liabilities)	(2,886)	(2,669)
Tier 2	2,252	1,615
Expected credit losses provisions against direct and indirect facilities, self and joint	2,252	1,615
Total Regulatory Capital	230,686	211,779
Total Risk-weighted Assets	1,027,603	960,720
Capital Adequacy Ratio (%)	22.45%	22.04%
CET1 (%)	22.23%	21.88%
Tier1 (%)	22.23%	21.88%
Tier2 (%)	0.22%	0.17%
Leverage Ratio (%)	15.24%	15.43%

54. Assets and Liabilities maturity analysis

The following table analyzes assets and liabilities in accordance with the expected period of their recoverability or settlement:

31 December 2020	(to the nearest 000 JDs)			Total
	Up to 1 Year	Over 1 Year	Without Maturity	
	JD	JD	JD	JD
Assets:				
Cash and balances with Central Bank of Jordan	795,967	-	-	795,967
Balances with banks and financial institutions	15,555	-	-	15,555
Deferred sales receivables and other receivables – Net	511,321	322,891	-	834,212
Deferred sales receivables through the statement of income	-	-	-	-
Ijara Muntahia Bittamleek - Net	114,904	614,764	-	729,668
Financial assets at fair value through shareholders' equity – Self	-	-	5,630	5,630
Financial assets at fair value through joint investment – Accounts' holders	-	-	3,239	3,239
Financial assets at amortized cost	18,071	19,293	-	37,364
Investments in real estate	-	-	23,531	23,531
Al-Qard Al-Hasan loans	50,646	1,569	-	52,215
Property and equipment - Net	-	-	15,801	15,801
Intangible assets	244	732	-	976
Right-of-use Assets	1,106	4,524	-	5,630
Deferred tax assets	-		3,183	3,183
Other assets	1,974	38	18,208	20,220
Total Assets	1,509,788	963,811	69,592	2,543,191
Liabilities and Joint Investment Accounts' Holders				
Banks and financial institutions accounts	262	-	-	262
Customers' current and demand account	525,426	195,769	-	721,195
Cash margins	30,640	-	-	30,640
Other provisions	-	-	3,546	3,546
Income tax provision	11,359	-	-	11,359
Deferred tax liability	-	-	296	296
Lease liability	367	4,385	-	4,752
Other liabilities	27,164	-	1,078	28,242
Joint investment accounts	1,415,813	78,403	-	1,494,216
Provision for future expected investment risks	-	-	4,037	4,037
Total Liabilities and Joint Investment Accounts Holders	2,011,031	278,557	8,957	2,298,545
Net	(501,243)	685,254	60,635	244,646

31 December 2019	(to the nearest 000 JDs)			Total
	Up to 1 Year	Over 1 Year	Without Maturity	
	JD	JD	JD	JD
Assets:				
Cash and balances with Central Bank of Jordan	699,888	-	-	699,888
Balances with banks and financial institutions	18,803	-	-	18,803
Deferred sales receivables and other receivables – Net	456,446	295,205	-	751,651
Deferred sales receivables through the statement of income	-	-	-	-
Ijara Muntahia Bittamaleek assets – Net	137,405	545,455	-	682,860
Financial assets at fair value through shareholders' equity – Self	-	-	5,617	5,617
Financial assets at fair value through joint investment – Accounts' holders	-	-	2,662	2,662
Financial assets at amortized cost	-	33,343	-	33,343
Investments in real estate	-	-	23,177	23,177
Al-Qard Al-Hasan loans	46,721	1,377	-	48,098
Property and equipment - Net	-	-	16,394	16,394
Intangible assets	277	833	-	1,110
Right-of-use Assets	1,168	4,540	-	5,708
Deferred tax assets	-	-	2,961	2,961
Other assets	1,881	220	6,016	8,117
Total Assets	1,362,589	880,973	56,827	2,300,389
Liabilities and Joint Investment Accounts' Holders				
Banks and financial institutions accounts	2,103	-	-	2,103
Customers' current and demand account	495,747	181,800	-	677,547
Cash margins	31,560	-	-	31,560
Other provisions	-	-	3,248	3,248
Income tax provision	10,738	-	-	10,738
Deferred tax liabilities	-	-	292	292
Lease liability	835	3,965	-	4,800
Other liabilities	31,686	-	561	32,247
Joint investment accounts	1,247,638	62,554	-	1,310,192
Investment Risks Fund	-	-	13,080	13,080
Provision for future expected investment risks	384	-	-	384
Total Liabilities and Joint Investment Accounts Holders	1,820,691	248,319	17,181	2,086,191
Net	(458,102)	632,654	39,646	214,198

55. Fair Value Measurement

The standard requires determining the level and disclosure of the fair value hierarchy into which the fair value measurements are categorized in their entirety, segregating fair value measurements in accordance with the levels defined in IFRS. The difference between level (2) and level (3) of the fair value measurements, i.e., assessing whether the inputs are observable and whether the unobservable inputs are significant. This may require judgement and careful analysis of the inputs used to measure fair value including consideration of factors specific to the asset or liability.

a. The Bank's Fair Value of Financial Assets and Financial Liabilities Measured at Fair Value on a Recurring Basis:

Some of the Bank's financial assets and financial liabilities are measured at fair value at the end of each financial period. The following table gives information about the method of determining the fair value of such financial assets and financial liabilities (valuation techniques and key inputs).

Financial Assets / Financial Liabilities	Fair Value 31 December		Fair Value Hierarchy	Valuation Techniques and Key Inputs	Significant unobservable Inputs	Relationship between Unobservable Inputs and Fair Value
	2020	2019				
	JD	JD				
Financial Assets at Fair Value:						
Financial Assets at Fair Value through Shareholders' Equity - self						
Quoted shares	5,629,892	5,616,930	Level 1	Quoted rates in the Financial Markets	Not Applicable	Not Applicable
Financial Assets at fair value through joint investment accounts holder						
Unquoted shares	3,239,246	2,662,444	Level 3	Compared to market price for similar financial instruments	Not Applicable	Not Applicable
Total	8,869,138	8,279,374				

There were no transfers between Level (1) and Level (2) during 2020 and 2019.

b. The Bank's Fair Value of Financial Assets and Financial Liabilities Not Measured at Fair Value on a Recurring Basis:

Except for what is detailed in the table below, we believe that the carrying amounts of the financial assets and financial liabilities presented in the Bank's financial statements approximate their fair values:

	31 December 2020		31 December 2019		Level
	Book Value	Fair Value	Book Value	Fair Value	
	JD	JD	JD	JD	
Financial Assets not measured at Fair Value					
Deferred sales receivables	834,211,567	834,232,952	751,650,832	751,777,070	Level 2
Investments in real estate	23,531,190	26,420,994	23,177,139	26,669,851	Level 2
Financial assets at amortized cost	33,470,711	33,777,025	27,385,345	27,637,917	Level 1
Financial assets at amortized cost – unquoted	3,893,200	3,911,898	5,957,400	5,987,957	Level 2
Total financial assets not measured at fair value	895,106,668	898,342,869	808,170,716	812,072,795	
Financial Liabilities not measured at Fair Value					
Customers' current and unrestricted accounts	2,213,278,991	2,215,722,336	1,978,875,605	1,987,892,579	Level 2
Cash margins	30,631,892	30,640,223	31,372,032	31,559,768	Level 2
Total Financial Liabilities not measured at Fair Value	2,243,910,883	2,246,362,559	2,010,247,637	2,019,452,347	

Regarding the items shown above, the fair value of the financial assets and liabilities has been determined for Levels (2) and (3) in accordance with the generally accepted pricing models which reflect the credit risk with the parties dealt with.

56. Commitments and Contingent Liabilities (Off – Statement of Financial Position)

Contingent credit commitments:

	31 December	
	2020	2019
	JD	JD
Letters of credit	25,980,043	30,964,960
Acceptances	6,965,759	13,200,009
Letters of Guarantee:		
Payment	16,016,654	14,629,603
Performance	13,338,876	14,481,465
Others	9,831,821	10,143,530
Unutilized limits – self	57,135,958	53,557,095
Unutilized limits – joint	134,020,658	122,854,751
Total	263,289,769	259,831,413

Item	Joint				Self				Total				2019
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Total balance as at beginning of the year	116,416,714	6,438,037	-	122,854,751	128,671,018	6,575,647	1,729,997	136,976,662	245,087,732	13,013,684	1,729,997	259,831,413	231,464,700
New facilities granted during the year	39,877,285	4,414,894	-	44,292,179	23,143,943	2,256,401	-	25,400,344	63,021,228	6,671,295	-	69,692,523	80,747,936
Settled facilities	(30,600,935)	(2,525,337)	-	(33,126,272)	(30,257,877)	(1,894,790)	(955,228)	(33,107,895)	(60,858,812)	(4,420,127)	(955,228)	(66,234,167)	(53,381,223)
Transferred to stage 1	2,204,916	(2,204,916)	-	-	2,156,761	(1,024,811)	(1,131,950)	-	4,361,677	(3,229,727)	(1,131,950)	-	-
Transferred to stage 2	(11,181,073)	11,181,073	-	-	(5,038,432)	5,168,904	(130,472)	-	(16,219,505)	16,349,977	(130,472)	-	-
Transferred to stage 3	-	-	-	-	(1,456,718)	(8,350)	1,465,068	-	(1,456,718)	(8,350)	1,465,068	-	-
Total balance at the end of year	116,716,907	17,303,751	-	134,020,658	117,218,695	11,073,001	977,415	129,269,111	233,935,602	28,376,752	977,415	263,289,769	259,831,413

Item	Joint				Self				Total				2019
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance at beginning of the year	89,986	37,078	-	127,064	305,605	44,464	84,290	434,359	395,591	81,542	84,290	561,423	976,679
Deducted from profits / ECL	-	-	-	-	124,078	98,694	75,954	298,726	124,078	98,694	75,954	298,726	-
Recoveries from profits / ECL	(45,619)	(5,046)	-	(50,665)	-	-	-	-	(45,619)	(5,046)	-	(50,665)	(167,727)
Transferred to stage 1	32,487	(32,487)	-	-	12,513	(12,513)	-	-	45,000	(45,000)	-	-	-
Transferred to stage 2	(4,382)	4,382	-	-	(15,564)	15,564	-	-	(19,946)	19,946	-	-	-
Transferred to stage 3	-	-	-	-	(52)	(34)	86	-	(52)	(34)	86	-	-
Adjustments during the year	180,573	87,891	-	268,464	3,103	(3,017)	(86)	-	183,676	84,874	(86)	268,464	(247,529)
Total balance at the end of year	253,045	91,818	-	344,863	429,683	143,158	160,244	733,085	682,728	234,976	160,244	1,077,948	561,423

Off – Statement of Financial Position as internal rating for the bank – Letters of Guarantee:

Item (JD)	31 December 2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Unclassified	35,520,286	2,689,650	977,415	39,187,351	39,254,598
	35,520,286	2,689,650	977,415	39,187,351	39,254,598

The movement on guarantees as at end of year – self is as follows:

Item (JD)	31 December2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total balance as at beginning of the year	37,948,423	646,513	659,662	39,254,598	55,415,847
Expected credit loss	7,297,733	56,250	-	7,353,983	5,808,778
Recoveries from ECL	(5,403,864)	(1,355,385)	(661,981)	(7,421,230)	(21,970,027)
Transferred to stage 1	676,639	(281,992)	(394,647)	-	-
Transferred to stage 2	(3,541,927)	3,632,614	(90,687)	-	-
Transferred to stage 3	(1,456,718)	(8,350)	1,465,068	-	-
Total balance as at end of the year	35,520,286	2,689,650	977,415	39,187,351	39,254,598

The movement on ECL provision for guarantees as at end of year – self is as follows:

Item (JD)	31 December2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total balance as at beginning of the year	68,463	28,649	84,290	181,402	394,975
Expected credit loss	36,619	41,927	75,954	154,500	-
Recoveries from ECL	-	-	-	-	-
Transferred to stage 1	12,513	(12,513)	-	-	-
Transferred to stage 2	(8,167)	8,167	-	-	-
Transferred to stage 3	(52)	(34)	86	-	-
Changes resulted from transfer	35,336	4,381	(86)	39,631	(213,573)
Total balance as at end of the year	144,712	70,577	160,244	375,533	181,402

Off – Statement of Financial Position as internal rating for the Bank – Letters of credit

Item (JD)	31 December 2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Unclassified	25,804,650	175,393	-	25,980,043	30,964,960
	25,804,650	175,393	-	25,980,043	30,964,960

The movement on Letters of credit as at end of year – self is as follows:

Item (JD)	31 December 2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total balance as at beginning of the year	30,828,512	136,448	-	30,964,960	20,677,086
New exposures during the year	7,220,126	92,848	-	7,312,974	30,269,549
Matured exposures	(11,969,094)	(328,797)	-	(12,297,891)	(19,981,675)
Transferred to stage 1	-	-	-	-	-
Transferred to stage 2	(274,894)	274,894	-	-	-
Transferred to stage 3	-	-	-	-	-
Total balance as at end of the year	25,804,650	175,393	-	25,980,043	30,964,960

The movement on ECL provision for Letters of credit as at end of year – self is as follows:

Item (JD)	31 December 2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total balance as at beginning of the year	196,553	15,815	-	212,368	54,330
Expected credit loss	-	19,793	-	19,793	-
Recoveries from ECL	-	-	-	-	-
Transferred to stage 1	-	-	-	-	-
Transferred to stage 2	(7,397)	7,397	-	-	-
Transferred to stage 3	-	-	-	-	-
Changes resulted from transfer	(20,204)	(7,398)	-	(27,602)	158,038
Total balance as at end of the year	168,952	35,607	-	204,559	212,368

Off – Statement of Financial Position as internal rating for the Bank – Acceptance:

Item (JD)	31 December2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Unclassified	6,715,613	250,146	-	6,965,759	13,200,009
	6,715,613	250,146	-	6,965,759	13,200,009

The movement on Acceptance as at end of year – self is as follows:

Item (JD)	31 December 2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total balance as at beginning of the year	12,675,197	524,812	-	13,200,009	8,706,802
New exposures during the year	2,571,001	250,146	-	2,821,147	7,714,855
Matured exposures	(9,055,397)	-	-	(9,055,397)	(3,221,648)
Transferred to stage 1	524,812	(524,812)	-	-	-
Transferred to stage 2	-	-	-	-	-
Transferred to stage 3	-	-	-	-	-
Total balance as at end of the year	6,715,613	250,146	-	6,965,759	13,200,009

The movement on ECL provision for Acceptance as at end of year – self is as follows:

Item (JD)	31 December 2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total balance as at beginning of the year	40,589	-	-	40,589	17,202
Expected credit loss	-	-	-	-	-
Recoveries from ECL	-	-	-	-	-
Transferred to stage 1	-	-	-	-	-
Transferred to stage 2	-	-	-	-	-
Transferred to stage 3	-	-	-	-	-
Changes resulted from transfer	(12,029)	-	-	(12,029)	23,387
Total balance as at end of the year	28,560	-	-	28,560	40,589

Off – Statement of Financial Position as internal rating for the Bank – Indirect limits:

Item (JD)	31 December 2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Unclassified	49,178,146	7,957,812	-	57,135,958	53,557,095
	49,178,146	7,957,812	-	57,135,958	53,557,095

The movement on Indirect limits as at end of year – self is as follows:

Item (JD)	31 December 2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total balance as at beginning of the year	47,218,886	5,267,874	1,070,335	53,557,095	47,045,665
New exposures during the year	6,055,083	1,857,157	-	7,912,240	6,554,718
Matured exposures	(3,829,522)	(210,608)	(293,247)	(4,333,377)	(43,288)
Transferred to stage 1	955,310	(218,007)	(737,303)	-	-
Transferred to stage 2	(1,221,611)	1,261,396	(39,785)	-	-
Transferred to stage 3	-	-	-	-	-
Total balance as at end of the year	49,178,146	7,957,812	-	57,135,958	53,557,095

The movement on ECL provision for Indirect limits as at end of year – self is as follows:

Item (JD)	31 December 2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total balance as at beginning of the year	-	-	-	-	174,788
Expected credit loss	87,459	36,974	-	124,433	-
Recoveries from ECL	-	-	-	-	-
Transferred to stage 1	-	-	-	-	-
Transferred to stage 2	-	-	-	-	-
Transferred to stage 3	-	-	-	-	(174,788)
Total balance as at end of the year	87,459	36,974	-	124,433	-

Off – Statement of Financial Position as internal rating for the Bank – Direct limits:

Item (JD)	31 December 2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Unclassified	116,716,907	17,303,751	-	134,020,658	122,854,751
	116,716,907	17,303,751	-	134,020,658	122,854,751

The movement on Direct limits as at end of year – Joint is as follows:

Item (JD)	31 December 2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total balance as at beginning of the year	116,416,714	6,438,037	-	122,854,751	99,619,300
New exposures during the year	39,877,285	4,414,894	-	44,292,179	30,400,036
Matured exposures	(30,600,935)	(2,525,337)	-	(33,126,272)	(7,164,585)
Transferred to stage 1	2,204,916	(2,204,916)	-	-	-
Transferred to stage 2	(11,181,073)	11,181,073	-	-	-
Transferred to stage 3	-	-	-	-	-
Total balance as at end of the year	116,716,907	17,303,751	-	134,020,658	122,854,751

The movement on ECL provision for Direct limits as at end of year – Joint is as follows:

Item (JD)	31 December 2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total balance as at beginning of the year	89,986	37,078	-	127,064	335,384
Expected credit loss	-	-	-	-	-
Recovered from ECL	(45,619)	(5,046)	-	(50,665)	(167,727)
Transferred to stage 1	32,487	(32,487)	-	-	-
Transferred to stage 2	(4,382)	4,382	-	-	-
Transferred to stage 3	-	-	-	-	-
Changes resulted from transfer	180,573	87,891	-	268,464	(40,593)
Total balance as at end of the year	253,045	91,818	-	344,863	127,064

The expected credit loss allowance is shown for off-balance sheet items - self and joint with other liabilities.

The expected credit loss provision for the off-balance sheet items – self and joint are shown within other liabilities (Note 22) in accordance with IFRS (9) and Central Bank of Jordan instructions.

57. Lawsuits against the Bank

The lawsuits filed against the bank amounted to JD 66,000 with a provision of JD 82,000 as at 31 December 2020 (lawsuits amounting to JD 289,022 with a provision of JD 17,267 as at 31 December 2019). Based on the opinion of the legal consultant, no additional amounts will be claimed from the Bank in respect to those lawsuits.

58. Standards issued but not yet effective

The financial standards and amendments issued and not yet in force until the date of the consolidated financial statements are listed below, and the Bank will apply these standards from the date of mandatory application:

Financial Accounting Standard No. 31 for Wakala Venture

This standard aims to identify the accounting principles and financial reporting requirements of Wakala Venture for financial transactions and instruments, by both the Rab Al-Mal and Wakeel. This standard will become mandatory in the early accounting periods on or after January 1, 2021, allowing early application.

The standard requires the Rab Al-Mal to evaluate the nature of the investment as either

a) a pass-through investment or

b) Wakala venture.

A pass-through investment is an investment in which the Wakeel participates, as well as the options for converting the instrument, are limited, and the investor bears mainly direct exposure to the underlying assets. The investor must apply the pass-through investment approach to his investments in the tools of the investment agency, unless he chooses to apply the Wakala project approach and meet the requirements set out in the standard.

Under this approach, Rab Al-Mal must in principle prove the assets on which the Wakala arrangements are based in his accounts by apply the principles of initial evidence, in accordance with the financial accounting standards concerned.

Rab Al-Mal may choose to apply the Wakala venture approach, if the Wakala investment contract fulfills any of the conditions required under certain conditions.

Under this approach, the investment must be accounted for in the books of the investor applying the “equity method of accounting”; Where the investment is initially recognized at cost, and then it is measured at the end of the financial period at the listed value and is adjusted to include the investor’s share in the profit or loss of the Wakala project.

From the Wakeel point of view, the standard requires that when the transaction begins the Wakeel must prove that the Wakala is arranged under an off-balance sheet approach since the Wakeel does not control the relevant assets/ business. However, there are exceptions to a non-off balance sheet approach where additional considerations associated with Wakeel Investment may provide for the same calculation as a balance sheet account.

FAS 32 (Ijarah)

Financial Accounting Standard No. (32) “Ijarah” replaces FAS No. (8) “Ijarah and Ijarah Muntahia Bittamleek”. The standard sets out principles relating to the recognition, measurement, presentation and disclosure of the various types of leases as lessor and lessee.

This standard will be implemented from January 1, 2021, with early application permitted.

59. Comparative Figures

Some of the comparative figures of 2019 have been reclassified to correspond to those of 2020.

رأس السنة الهجرية

قال تعالى:

(إِلَّا تَنصُرُوهُ فَقَدْ نَصَرَهُ اللَّهُ إِذْ أَخْرَجَهُ الَّذِينَ كَفَرُوا ثَانِيَ اثْنَيْنِ إِذْ هُمَا فِي الْغَارِ إِذْ يَقُولُ لِصَاحِبِهِ لَا تَحْزَنْ إِنَّ اللَّهَ مَعَنَا فَأَنزَلَ اللَّهُ سَكِينَتَهُ عَلَيْهِ وَأَيَّدَهُ بِجُنُودٍ لَّمْ تَرَوْهَا وَجَعَلَ كَلِمَةَ الَّذِينَ كَفَرُوا السُّفْلَىٰ وَكَلِمَةُ اللَّهِ هِيَ الْعُلْيَا وَاللَّهُ عَزِيزٌ حَكِيمٌ)

المولد النبوي الشريف

بينما نحن عند رسول اللّه – صلّى اللّه عليه وسلّم – أقبل عليه عمر، فقال:
يا نبيّ اللّه، صومٌ يومِ الإثنين؟ قال – صلّى اللّه عليه وسلّم – : يومٌ ولدتٌ فيه، ويومٌ أموت فيه

وقال الشاعر أحمد شوقي في مدح النبي

وُلِدَ الهُدى فَالكائِناتُ ضِياءُ
وَفَمُ الزَمانِ تَبَسُّمٌ وَثَناءُ

الروحُ وَالمَلَأُ المَلائِكُ حَولَهُ
لِلدينِ وَالدُنيا بِهِ بُشَراءُ

العَرشُ يَزهو وَالحَظيرَةُ تَزدَهي
وَالمُنتَهى وَالسِدرَةُ العَصماءُ

الإسراء والمعراج

قال تعالى:

(سُبْحَانَ الَّذِي أَسْرَى بِعَبْدِهِ لَيْلاً مِّنَ الْمَسْجِدِ الْحَرَامِ إِلَى الْمَسْجِدِ الأَقْصَى الَّذِي بَارَكْنَا حَوْلَهُ لِنُرِيَهُ مِنْ آيَاتِنَا إِنَّهُ هُوَ السَّمِيعُ الْبَصِيرُ)

Agenda of the 24th Ordinary General Assembly Meeting of the Shareholders of Islamic International Arab Bank 9 Ramadan, 1442 Corresponding to 22 April 2021

1- Address the outcomes of the previous 23rd General Assembly Meeting.

2- Address the Board of Directors' Report for 2020 and the Company's business plan for the coming year.

3- Attend the Bank's Auditors' Report for the financial year 2020.

4- Address the Bank's Accounts and Balance Sheet for the financial year 2020.

5- Approval of the General Assembly to allocate the realized dividends for 2020.

6- Subrogation and release of the Board of Directors for the said year.

7- Elect the bank's Sharia Supervisory Board for the period of four years, according to Islamic banks governance instructions No. 64/2016 of The Central Bank of Jordan

8- Elect the Bank's auditors for the financial year 2021 and determine their fees.

Branches and ATMs

Capital's Governorate

Gardens Branch

Amman Branch

Wehdat Branch

Marka Branch

Bayader Wadi Seer Branch

Jabal Hussein Branch

Jubeiha Branch

Sweifieh Branch

Shmeisani Branch

Yasameen Branch

Khalda Branch

Abu Alanda Branch

North Hashimi Branch

Istiklal Mall Branch

Tareq Branch

Marj Al Hamam Branch

City Mall Branch

Madina Munawara Branch

Abu Nsair Branch

Huriya Branch

Al Khalidi Branch

Izmir Mall Branch

Mecca Plaza Branch

Jabal Al-Naser Branch

Areefa Mall Branch

Central Governorates

Zarka Branch

Zarka University Branch

Ruseifa Branch

New Zarka Branch

Rusaifa-Jabal Shamli Branch

Madaba Branch

Salt Branch

Dair Alla Branch

North Governorates

Irbid Branch

Irbid Hashmi St. Branch

Al Qaselah Branch

Arabella Mall Branch

Mafraq Branch

Ajloun Branch

Jerash Branch

South Governorates

Aqaba Branch

Karak Branch

Mu'ta Branch

Tafileh Branch

Ma'an Branch

To Contact any of our Branches Please Contact the Arab Islamic Center

Customer Service: 06/5003300 or Toll Free: 080022224

Location of ATMs Network Outside the Bank's Branches

Amman

Customs Department - Abdali

Professional Associations Complex - Shmeisani

University of Islamic Sciences - Tabarbour

Leaders Center- King Abdallah II St.

Greater Amman Municipality- Ras Al – Ein

Haboub Supermarket- Jabal Amman

Orange Pharmacy- Jamal Abdel Nasser Square

Mecca Mall– Mecca mall complex - ATM Area

Abu Sheikha Exchange- AL Wehdat

Supreme Judge Department- Tlaa' Al-Ali

Abu Sheikha Exchange- Al Abdali

Ministry of Islamic Awqaf Trust Affairs- Abdali

Ibn Al-Nafees Pharmacy - Al Ashrafiyeh

Abu Shaeerah Complex- Jabal Alnasser

King Hussein Business Park

General Ifta'a Department- Jordan Street

Al istishari Hospital - Wadi Saqrah Street

Pharmacy One - Abdoun

Tatal Station - Makah Street

Go Gas - Shmeisani Street

Pharmacy One - Makah Street

Royal Court – Raghadan

Total Station - Al Quds Street.

Rawan Cake - Queen Rania St.

KHCF - Queen Rania St.

Abu Hassan Complex - Abu Alanda

Total Gas Station - Jubeiha

Rawhi pharmacy – Khalda

Al-Dawood Complex - Dahiet Al Rasheed

Abdallah Ghosheh Street

Total Gas Station - Wadi Saqra

Emirates Comple - Al yadudah

Total Gas Station - Abdali

Abu Sheikha Exchange - Al Gardens street

Abu Odeh Stores- Marj Al Hamam

Abu Sheikha Exchange - Tabarbour

Manaseer Gas Station - Airport Road

Plaza Mall - Makah Street

Jordan Finland Hospital - Jamal Abdel Nasser Square

Rawhi Pharmacy- Taibah- Al Kifah St.

Gulf Gas Station- Queen Rania St.

Al-Weibdeh- Amman

Zarqa

Zarqa University Schools, King Abdullah Bin Abdul-Aziz City

Total Gas Station - New Zarqa

Al-Zarqa Educational & Investment Co.- Zarqa

Irbid

Biet Yafa- Near Municipality building

Total Gas Station- Hakma

Tafila

Tafila Technical University- Tafila

Municipality Bldg.- Tafelah

Other Governorates

Mafraq- Hussain bin Ali St.

Jerash- Nabe Al Fawar Pharmacy – Souf

Ajloun- Ibbin – Alrazi Pharmacy

Balqa- Total Gas Station - Al-Salt

Karak- Almarj

Maan- MCE- Al Wafaa Market

Aqaba- Aqaba Gateway


البنك العربي الاسلامي الدولي
ISLAMIC INTERNATIONAL ARAB BANK
" ثقة ... أمان ... وإستثمار حلال "
Arabi Islami Awards for 2020
Critic's Choice Best Islamic
Retail Bank in Jordan for 2020
Islamic International Arab bank
CAMBRIDGE
2020
IRBA Women Empowerment Product
of the Year 2020 for Tamakani
Islamic International Arab bank
CAMBRIDGE
2020

البنك العربي الاسلامي الدولي
ISLAMIC INTERNATIONAL ARAB BANK