



45<sup>th</sup>



البنك الوطني الكويتي

2021  
Annual Report



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



His Majesty

**King Abdullah II Bin Al-Hussein**





His Highness

**Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah**

Emir of the State of Kuwait





His Royal Highness

**Prince Hussein Bin Abdullah II**





**Public Ltd. Company Established 25/10/1976**

Commercial Register Number 108

Paid-up Capital JOD 150 million

Member of "KIPCO" Group – Kuwait

## **Our Vision...**

"To bring the bright future of banking to our customers today."

## **Our Mission...**

"Providing integrated, tailored, and frictionless banking experience through digitally innovative and agile services."

## **Our Values...**

- We welcome change
- We thrive on empowerment
- We work together
- We treat all stakeholders as family
- We are responsible corporate citizens

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# Board of Directors

## Chairman

### H.E. Mr. Abdel Karim A. Kabariti

Rep.: Al Rawabi United Holding Co. – Kuwait – until 3/5/2021

### H.E Mr. Nasser A. Lozi

Independent member – as of 4/5/2021

## Vice Chairman

### Mr. Faisal Hamad Al-Ayyar

## Members

### Mr. Masaud Mahmoud Jawhar Hayat

Rep.: Kuwait Projects Co. (Holding) – Kuwait

### Mr. Tariq M. Abdul Salam

Rep.: Al Rawabi United Holding Co. – Kuwait – as of 4/5/2021  
Member – until 3/5/2021

### Mr. Nidal F. Qubbaj

Rep.: Social Security Corporation

### H.E Mr. Marwan M. Awad

Rep.: Social Security Corporation – as of 4/5/2021  
Independent member – until 3/5/2021

### Mr. Bijan Khosrowshahi

Rep.: Odyssey Reinsurance Co. – USA

### H.E Dr. Marwan J. Muasher

Independent member

### Mr. Hani K. Hunaidi

Independent member

### Mr. Majed F. Burjaq

Rep.: Safari Development & Real Estate Investment Co.  
as of 4/5/2021  
Independent member – until 3/5/2021

### Dr. Safwan S. Toqan

Independent member

### Dr. Omar M. Al Jazy

Independent member – as of 4/5/2021

### Mrs. Nadia A. Rawabdeh

Independent member – as of 4/5/2021

### Dr. Yousef Mousa Salman Al Goussous

Representative of Al Rawabi United Holding Co.  
Kuwait – until 3/5/2021

### Mr. Mansour A. Abdul Karim Lozi

Rep.: Investment Strategy Co. – until 3/5/2021

## Secretary of the Board

### Mr. Suhail M. Al Turki

until 30/11/2021

### Mr. Abdallah I. Mismar

as of 1/12/2021

## Auditors

### PricewaterhouseCoopers "Jordan"



# Message from the Chairman

## To the Shareholders,

I am pleased to present to you on behalf of myself and my colleagues, members of the Board of Directors, the Annual Report on the Bank's results, achievements, and the Consolidated Financial Statements for the year ending on 31/12/2021.

During the year 2021, the world remained under the influence of the Coronavirus Pandemic which impacted the global economic recovery due to being associated with new waves of the virus outbreak, particularly that there are service sectors of extensive contact, such as travel and tourism, which may face lingering recovery with various degrees until the containment of the pandemic.

The global economy is entering the year 2022 at a weaker position than previously forecasted. The spread of the Omicron Variant of Covid-19 is re-imposing restrictions on movement in some countries, while the increase in energy prices and the interruptions in the supply chains have driven up and widened inflation, particularly in the USA and many emerging markets and developing economies.

The global growth is expected to decline from 5.9% in 2021 to 4.4% in 2022, a reduction of 1.5%.

## The National Economy

Jordan has begun to recover from the setback of Coronavirus and has fully re-opened its economy. In September 2021, schools and universities returned to regular classes following a strict closure that was imposed at the beginning of the pandemic and after a large-scale vaccination campaign against the Coronavirus.

During the course of its recovery, the National Economy was able to register a growth rate of 1.8% during the first half of 2021 after having suffered a moderate recession of 1.6% in 2020.

Due to the pandemic and its aftermath, the unemployment rate reached 24.8% in the Second Quarter of 2021 compared to 19% before the outbreak of the pandemic.

The Jordanian Economy was able to overcome the crisis in a manner better than its counterpart economies, as a result of the acceleration in the global recovery rate, improvement in the distribution of the anti-coronavirus vaccines, the full resumption of the major sectors of the Jordanian Economy which assisted in realizing a growth rate of 2.2%.

The general financial and monetary policies played both a supporting and critical role, despite the challenging environment at the global level. During the first seven months of 2021, the domestic revenues recorded strong growth supported by a remarkable economic recovery and an increase in imports, in addition to the measures taken to improve the taxation management which resulted in assisting the Government of Jordan to maintain the course of controlling the general finances. Moreover, the facilitative monetary policy adopted by the Central Bank of Jordan has helped in the revival of the economic activity keeping the rate of inflation at a low level.

## The Banking Sector 2021

Banks played a crucial role in enhancing the Kingdom's economic stability during the pandemic. The Central Bank of Jordan was the foremost initiator in such movement on the official level through financial measures and incentives provided at the onset of the pandemic which availed a fertile ground for the banking sector to limit the repercussions of the pandemic.

The Banking Sector exercised its well-known and usual role in light of the crisis and did not hesitate in performing its duties. In light of the prevailing situation, the Banking Sector exhibited its solid financial strength and capability to deal with the developments with high flexibility and consistency, leaving positive effects on various sectors and was the main safety net for many through the provision of coordinated and comprehensive support packages.

The Banking Sector recorded good results in 2021. The domestic credit extended by the Banking Sector rose to approximately JOD 43.4 billion at the end of 2021 at a growth rate of 6.9% over 2020. Moreover, the deposits increased to around JOD 39.5 billion at the end of 2021 at a growth rate of 7.3% for the same period. The private sector deposits constituted 93% of the deposits by the end of 2021.

## The Bank's Performance in 2021

On 4/5/2021, and with the end of the Board of Directors' 2017-2020 Term, the General Assembly of shareholders elected a new Board of Directors for the next term. During the days following the formation of the new Board of Directors, features of perseverance and determination became apparent that marked the beginning of a new phase symbolized by the advancement and progression of the Bank in order to position it back where it has been for many years in its leading position in the Banking Sector.

One of the first tasks for the new Board of Directors was to develop a comprehensive strategic plan for development and growth for the years 2021-2025 within a new business model that ensures the realization of the set goals. This was accompanied by making fundamental changes to systems and organizational structures at the Senior Executive Management level and business centers to be in harmony with the various elements of the strategic plan and the methods of realizing its goals.

The strategy comprises three main themes, namely: Transform; Excel; and Prosper, each of which encompasses a set of objectives that would lead to the realization of the goals of the comprehensive plan.

The necessary measures were put in place to provide the administrative and technical requirements as well as the required support to achieve the objectives of the strategic plan at the Board and Departmental levels. The business plans and roadmaps have been finalized together with setting up the key performance indicators to be periodically monitored.

Despite the prevailing circumstances associated with Covid-19 that extended for two consecutive years, the year 2021 witnessed exceptional efforts by the Bank's various business centers, driven by the determination to confront the existing challenges and take advantage of all available capabilities and energies to overcome the current situation and effects of the pandemic. All of this had a significant and tangible effect in reversing the negative results the Bank had witnessed the previous year.

The credit activity at the Corporate, SME, and Retail levels realized good growth rates despite the default of a number of some borrowing corporations. Credit facilities grew by 8.4% amounting to approximately JOD 1.687 billion as at 31/12/2021. Customer deposits increased by 3.2% amounting to JOD 1.937 billion at the end of 2021.

Total assets recorded an increase of 7% amounting to JOD 3.005 billion while Shareholders' Equity recorded JOD 467 million; at a growth rate of 2.5% compared with the year 2020. The Capital Adequacy Ratio maintained its high level of 18.94%.

As a result of the Bank's main activities, profit after tax and provisions amounted to JOD 7.704 million, compared to a loss of JOD 4.511 million in 2020, which constitutes a growth of 271%, noting that the net provisions allocated for 2021 amounted to JOD 32.847 million (after calculating refunds) compared with around JOD 54.307 million in 2020, while the non-performing loans ratio decreased to 7.99% compared with 11% in 2020 and the coverage ratio increased to 68% compared with 55% in 2020.

Based on the Bank's Financial Results for 2021, the Board of Directors recommends to the General Assembly to approve the distribution of JOD 10.5 million as cash dividends to the shareholders which are equivalent to 7% of the capital, indicating in that regard that the non-distribution of cash dividends for 2019 was due to regulatory instructions for all banks. We extend our gratitude to the shareholders for their understanding and cooperation, noting that 50% bonus shares were distributed for 2020.

## Technological Development

In line with the Bank's continued endeavor in keeping pace with technology and enhancing digital transformation in all areas to realize excellence and distinction in performance and reach the highest levels of customer satisfaction, the Bank has invested in many programs, applications, and technologies that support its strategic direction, realize technological efficiency and enhance customer service.

The project to update the infrastructure, networks, communications, and cyber security systems, received special attention from the Bank's Management with major support from the Board of Directors, whereby many of the projects initiated aimed at improving technology efficiency by using state of the art programs and applications. The first phase of the Middleware project was completed to facilitate the connection among various electronic channels and to support the digital transformation projects to operate within the concept of Open Banking.

In 2022, the Bank seeks, through the Information Technology Department, to realize a set of future prospects, in the forefront of which are the replacement of the communications and networks technology and data centers at the main data center, recovery, and alternative sites, with the state of the art devices of technology.

Work on this was expected to be completed during the first half of 2021, however, due to the global market conditions and the slowdown in production and supply chain, it is anticipated that the installation and final operation will be completed within the first half of 2022 together with the completion of the Robotic Process Automation (RPA), which would expand the capabilities and technologies for payments and digital transactions and applying the cybersecurity-related controls and measures.

On the other hand, the Bank realized remarkable achievements in many business areas. There has been exceptional activity in the sale of seized real estate for amounts equivalent to the total sales made over the past five years.

During the year, the credit policy was updated to take into account the organizational changes at the Bank level and the Credit Department's activity, in accordance with specific methodology, procedures, and authorities at all the concerned administrative levels. This was coupled with the development of procedures aimed at enhancing the roles of the Control Departments (Audit, Compliance, and Risk) and enhancing their relations with the relevant Board Committees.

During the Third Quarter of the year, the Board of Directors reconsidered the decision to classify the investment in United Financial Investments Company (UFICO) as an investment for sale, and instead to keep this investment and work on merging it with other investments and reconsolidate it with the Bank's Financial Statements as a subsidiary.

In line with the international practices, the Bank issued its first Sustainability Report for the year 2020. The report was prepared in accordance with the Global Reporting Initiative standards (GRI), while the Bank's initiatives in the field of social responsibility continued and are characterized by their diversity, comprehensiveness, and yield positively on all stakeholders.

We look forward to 2022 and the years that follow with more confidence and shall work with all our effort and perseverance to advance the Bank and improve its performance to realize our partners' and shareholders' expectations.

We seize this opportunity to express our gratitude and appreciation to the departing members of the Board of Directors, we are deeply grateful for their efforts during the past years and welcome the newly elected Board members. Our gratitude also extends to our shareholders and customers for their support and cooperation. We also extend our gratitude to the Central Bank of Jordan's and the Jordan Securities Commission's Managements and all of their staff, and all the appreciation to the Bank's management and employees and its subsidiaries for their efforts and role in the Bank's success and development.

**Nasser A. Lozi**  
**Chairman**



# Governance Report for 2021

## Corporate Governance Framework

Jordan Kuwait Bank believes that the existence of good corporate governance leads to good management of the Bank, and helps to achieve the Bank's strategic objectives and safely manage its operations in a manner that safeguards the depositors' interests, and ensures the responsibility towards shareholders and other stakeholders. The Bank bases the management and development of its internal corporate governance according to the legislations of the Companies Law in force, the Corporate Governance instructions issued by the Jordan Securities Commission, and the Corporate Governance instructions for banks issued by the Central Bank of Jordan (CBJ), in addition to the provisions and instructions issued by international regulatory authorities pertaining to banking operations and that are in line with the Bank's nature of business and its internal systems.

Jordan Kuwait Bank's Board of Directors affirms its commitment and that of the Bank's executive management and all the employees in implementing the governance instructions. The Bank's adoption of this manual aims to realize the corporate governance principles of fair treatment for all stakeholders; transparency and disclosure of JKB's actual financial and administrative standing; and the relational accountability between the Board of Directors and the executive management, between the Board and shareholders as well as between the Board and various stakeholders. To achieve greater level of disclosure and transparency, the Corporate Governance Manual is annexed to this report and is published on the Bank's website [www.jkb.com](http://www.jkb.com).

In accordance with the instructions of the Central Bank of Jordan, work has begun on the application of the requirements for the Governance and Management of Information and Technology according to COBIT framework.

### The Bank's organization and administrative procedures are based on the following principles:

- A board of directors is in place that is effective and responsible.
- A clear strategic direction for business development within clear framework for risk management.
- Sound accounting and information disclosure principles.
- Sound decision making mechanisms.
- Performance evaluation linked to the strategy.
- Human resources development.

## Board of Directors (BoD)

The formation of the Board of Directors is governed by the Jordanian Companies Law, the CBJ's Banks Law and Corporate Governance instructions for Banks, and the Governance instructions for listed companies issued by the Jordan Securities Commission.

The main role of the Board of Directors lies in its responsibility of ensuring the soundness of the Bank's operations including its financial standing, and fulfilling its obligations towards all stakeholders. The Board sets the Bank's strategic objectives that meet the interests of the Bank, shareholders, and customers, and has oversight responsibility over the executive management. It is also accountable for ensuring the effectiveness of internal monitoring and control systems and the extent to which the Bank is abiding by the strategic plans and that written policies covering all of the Bank's activities are endorsed and in place.

The Board of Directors is also responsible for the credibility and accuracy of the Bank's financial reports and the information contained in the Annual Report and ensuring the application of appropriate risks policies as well as compliance with all laws in force.

The current Board of Directors was elected by the General Assembly on May 4, 2021 for tenure of four years. The Board of Directors elected H.E. Mr. Nasser A. Lozi as Chairman and Mr. Faisal Hamad Al-Ayyar as Vice Chairman.

## Board Members for the Current Tenure

### Representative Members

Name	Name of Representative	Executive/ Non-Executive	Independent/ Non-Independent
Al Rawabi United Holding Co. Chairman	Mr. Tariq M. Abdul Salam	Non – Executive	Non – Independent
Kuwait Projects Co. (Holding)	Mr. Masaud Mahmoud Jawhar Hayat	Non – Executive	Non – Independent
Social Security Corporation	H.E. Mr. Marwan M. Awad	Non – Executive	Non – Independent
	Nidal F. Qubbaj	Non – Executive	Non – Independent
Safari Development & Real Estate Investment Co.	Mr. Majed F. Burjak	Non – Executive	Non – Independent
Odyssey Reinsurance Co.	Mr. Bijan Khosrowshahi	Non – Executive	Non – Independent

### Members:

Name	Name of Representative	Executive/ Non-Executive	Independent/ Non-Independent
Mr. Nasser A. Lozi Chairman	-	Non – Executive	Independent
Mr. Faisal H. Al Ayyar Vice Chairman	-	Non – Executive	Non – Independent
Dr. Marwan Jamil Muasher	-	Non – Executive	Independent
Mr. Hani Khalil Hunaidi	-	Non – Executive	Independent
Dr. Safwan S.Toqan	-	Non – Executive	Independent
Dr. Omar M. Al Jazy	-	Non – Executive	Independent
Mrs. Nadia A. Rawabdeh	-	Non – Executive	Independent

### Membership of Board of Directors in Public Shareholding Companies

Name	Board Membership in Public Shareholding Companies
Mr. Nasser A. Lozi	Arab Orient Insurance Co.
Mr. Bijan Khosrowshahi	Arab Orient Insurance Co.
Dr. Marwan J. Muasher	Masafat For Specialized Transport Co., Ready Mix Concrete & Constructions Supplies Co. , Premier Business & Projects Co.

## Executive Management

Name	Position
Mr. Haethum S. Buttikhi	Chief Executive Officer – as of 6/5/2021 Head of Retail & Private Banking – until 5/5/2021
Mr. Daoud A. Issa	Chief Operating & Support Officer – as of 6/5/2021 Head of Human Resources – until 5/5/2021
Mr. Zuhdi B. Al-Jayousi	Head of Corporate Business
Mr. Ibrahim F. Bisha	Head of Treasury & International Relations
Dr. Makram A. Al- Qutob	Head of Credit
Mr. Suhail A. Salman	Head of Retail Business – as of 6/5/2021
Mr. Zeid W. Sharaiha	Head of Investment Business – as of 6/5/2021
Mr. Ibrahim E. Kashet	Head of Legal Affairs
Mr. Ibrahim F. Taani	Head of Finance
Mr. Maher M. Abu Sa'adeh	Head of Information Technology
Mr. Tareq J. Alkhitan	Head of Operations – as of 6/5/2021
Mrs. Dana A. Jaradat	Head of Strategy & Marketing – as of 6/5/2021
Mr. Fadi M. Ayyad	Head of Compliance
Mr. Mahmoud I. Al Ahmar	Head of Risk
Mr. Yousef W. Hassan	Head of Internal Audit
Mr. Abdallah I. Mismar	Head of Administration Affairs – until 30/11/2021

### Members of Executive Management whose services ended during 2021:

- Mr. Tawfiq A. Mukahal – Deputy General Manager, Head of Banking Group – as of 4/5/2021
- Mr. Ayman D. Al Kurdi - Head of Operations until 5/5/2021- as of 30/6/2021

### Board Committees

In the aim of organizing the Board of Directors' work and to increase its efficiency and effectiveness, the Board of Directors forms different committees from its members that are delegated with authorities and responsibilities to be in line with the Bank's strategies and goals. The committees' composition, duties and responsibilities have been detailed in the Corporate Governance Manual which is published on the Bank's website and annexed to the Annual Report.

#### Corporate Governance Committee (Governance Committee)

The committee oversees the development of the Corporate Governance Manual, updating it, and monitors its implementation. It ensures that the Bank's organizational structure meets the corporate governance requirements. It also adopts general policies, and raises them to the Board of Directors for approval and supervises their implementation and ensures commitment to the adopted JKB Code of Ethics at the level of BoD and all administrative levels in the Bank. In addition to any other duties included in the Governance instructions for listed companies.

##### Corporate Governance Committee Members:

- Dr. Marwan J. Muasher, Committee Chair (Independent)
- Mr. Nasser A. Lozi (Independent)
- Mrs. Nadia A. Rawabdeh (Independent)
- Mr. Tareq M. Abdul Salam (Non- Independent)

#### Risk Committee

The committee's role is to review the Risk Management's framework and strategy of Risk Management; create suitable work environment that helps in identifying and managing risks with significant impact; and stay abreast with the developments that affect the Bank's operations. The committee reviews reports submitted by the Risk Management Department and submits relevant recommendations to the Board of Directors, illustrating the Bank's commitment to the acceptable risk appetite level. In addition to any other duties included in the Governance instructions for listed companies.

##### Risk Committee Members

- Dr. Safwan S. Toqan, Committee Chair (Independent)
- Mr. Nidal F. Qubbaj (Non- Independent)
- Mrs. Nadia A. Rawabdeh (Independent)

#### Compliance Committee

The committee's role is to adopt the organizational structure of the Compliance Control Department and ensuring its independence, ensure that an annual non-compliance risk management plan is in place, assess the degree of effectiveness with which the Bank manages the risk of non-compliance at least once a year and review it should amendments have been made. In addition to any other duties included in the Governance instructions for listed companies.

##### Compliance Committee Members

- Dr. Omar M. Al Jazy, Committee Chair (Independent)
- Mr. Hani K. Hunaidi (Independent)\*
- Mr. Marwan M. Awad (Non- Independent)

\* Mr. Hani Khalil Hunaidi is the responsible Board Member for the AML/CFT compliance with the Central Bank of Cyprus.

### Audit Committee

The committee shall review and ratify the internal audit plan which includes audit scope and frequency. Review internal audit reports and the reports and observations of regulatory bodies and the external auditor and ensure that the executive management takes the corrective measures. The committee also reviews the Bank's financial statements prior to submission to the Board of Directors and ensures that the Bank has properly observed and complied with international accounting and audit standards. In addition to any other duties included in the Governance instructions for listed companies.

The Audit Committee held seven meetings during 2021, met with the External Auditor three times, and met with the Head of Internal Auditor once.

### Audit Committee Members

<b>Mr. Hani K. Hunaidi, Committee Chair (Independent)</b>	
<b>Education:</b>	Master of Business Administration (MBA), Portland State University –USA, 1980 and Bachelor of Business Administration, American University of Beirut. 1973, Certified Public Accountant (CPA).
<b>Current Position:</b>	<ul style="list-style-type: none"> <li>• Chairman of the Board of Trustees, Mediterranean Industries</li> <li>• Chairman of the Board of Trustees, Mediterranean Energy Co.</li> </ul>
<b>Previous Positions:</b>	<ul style="list-style-type: none"> <li>• Chairman, National Ammonia and Chemical Industries (1991- 2009)</li> <li>• Managing Director, Jordan Kuwait Company for Agriculture and Food Products (1986-1992)</li> <li>• Project General Manager, Jordan Management and Consultancy Corp. (1984-1986)</li> <li>• Financial and Administrative Manager, Jordan Securities Corp. (1982-1984)</li> <li>• Auditor, Touch Ross &amp; Co. (1980-1982)</li> <li>• Project Senior Accountant, Consolidated Contractor Company (1976-1978)</li> <li>• Accountant, Safwan Trading &amp; Contracting Co. (1973-1974)</li> </ul>

<b>Mr. Nidal F. Qubbaj (Non- Independent)</b>	
<b>Education:</b>	Bachelor degree in Accounting, Jordan University, 2001, Master Business Administration / Accounting, Jordan University, 2006.
<b>Current Position:</b>	<ul style="list-style-type: none"> <li>• Risk Management &amp; Strategic Planning Manager, Social Security Investment Fund</li> </ul>
<b>Previous Positions:</b>	<ul style="list-style-type: none"> <li>• Head of Investment Risk Division, Social Security Investment Fund (2009-2012)</li> <li>• Acting Head of Operation Risk Function, Social Security Investment Fund (2011-2012)</li> <li>• Senior Risk Analyst, Social Security Investment Fund (2006-2009)</li> <li>• Financial Accountant, Social Security Investment Fund (2004-2006)</li> <li>• Accountant, Arab Bank (2001-2003)</li> </ul>

### Dr. Safwan S. Toqan (Independent)

<b>Education:</b>	Bachelor degree in Business Administration, American University - Beirut, 1966, Master degree in Economics, University of South California – USA, 1976, PhD in Economics, University of South California –USA, 1980.
<b>Previous Positions:</b>	<ul style="list-style-type: none"> <li>• Member of the 26th Jordanian Senate</li> <li>• Chairman, Amman Stock Exchange (2012-2013)</li> <li>• Chairman, Jordan Phosphate Mines Company (2000 – 2004)</li> <li>• General Manager, Social Security Corporation (1994 – 1999)</li> <li>• Secretary General, Ministry of Planning (1989 – 1994)</li> <li>• Assistant Professor, Yarmouk University (1981 – 1989)</li> <li>• Lecturer, University of South California – USA (1975 – 1980)</li> <li>• Central Bank of Jordan (1966 – 1975)</li> </ul>

### Dr. Omar M. Al Jazy (Independent)

<b>Education:</b>	PhD in International Arbitration Act, University of Kent- Canterbury, 2000, Master degree in Law of International Trade, University of Kent – Canterbury, 1994, Bachelor degree in Law, University of Jordan, 1992, Diploma in Nuclear International Law, Universite De Montpellier, 2017
<b>Current Position:</b>	<ul style="list-style-type: none"> <li>• Board Member, Government Investments Management Company</li> <li>• Board Member, Education and Scientific Research Management and Development Company</li> <li>• Board Member, Arab Foundation for Education, Scientific, Research Management Company</li> <li>• Board Member, Abdul Hameed Shoman Foundation</li> <li>• Chairman of the Board of Trustees, Amman Arab University</li> <li>• Managing Partner, Al Jazy &amp; Co. – Advocates &amp; Legal Consultants</li> <li>• International Arbitration</li> </ul>
<b>Previous Positions:</b>	<ul style="list-style-type: none"> <li>• Former President of the Jordanian Arbitrators Association</li> <li>• Board Member, Safwa Islamic Bank – until 01/2017</li> <li>• Board Member, Military Credit Fund</li> <li>• Member of the Board of Trustees Committees, King Abdullah II Fund for Development</li> <li>• Former Vice-Chairman, Jordanian Corporate Governance Association</li> <li>• Board Member, Aqaba Development Company</li> <li>• Board Member, Aqaba Airports Company</li> <li>• Board Member, Social Security Corporation</li> <li>• Board Member, Specialized Management Co. for Investment &amp; Financial Advisory (12/2016 – 03/2021)</li> </ul>

### Nominations & Remuneration Committee

The Committee shall identify eligible persons for board membership and determine members' "independency", provide recommendations to the Board for the appointment of qualified executive management members, implement a formal performance assessment policy for the Board of Directors and executive management and ensure that the Bank has a remuneration policy in place. In addition to any other duties included in the Governance instructions for listed companies.

#### Nominations & Remuneration Committee Members

- Mrs. Nadia A. Rawabdeh, Committee Chair (Independent)
- Dr. Safwan S. Touqan (Independent)
- Mr. Masaud M. Hayat (Non - Independent)
- Dr. Omar M. Al Jazy (Independent)

### Board Credit Committee

The Committee's Role includes:

1. Grant, modify, renew and restructure of credit facilities that exceed the authorities of the Management Credit Committee, headed by the General Manager, within the limits set by the Board of Directors. The Board of Directors shall take the decisions in matters exceeding the Committee's authorities.
2. The Committee's authority is limited to taking the right decision regarding the facilities that have been recommended for approval by the Management Credit Committee.

The Board of Directors may delegate to the Management Credit Committee some or all of this Committee's authorities; in respect of modifying the terms or restructuring of facilities.

#### Board Credit Committee Members

- Mr. Nasser A. Lozi, Committee Chair (Independent)
- Mr. Masaud M. Hayat (Non – Independent)
- Mr. Tariq M. Abdul Salam (Non – Independent)
- Mr. Majed F. Burjak (Non – Independent)
- H.E Mr. Marwan M. Awad (Non - Independent)

### Management and Investment Committee

The Committee reviews and takes appropriate decisions on:

#### First: Management issues:

1. Administrative expenses, procurement contracts, bids, supplies, donations, and generally all commitments and contracts in excess of the powers entrusted to the senior executive management as identified within the Authority matrix and powers endorsed by the Board of Directors, and take the managerial and financial decisions in their regard.
2. Approve requests/offers for the sale of Bank owned properties beyond the limits entrusted to the Senior Executive Management as stipulated in the approved Authority matrix.
3. Approve Bank owned real estates' pricing annually or when required.

## Governance Report for 2021

### Second: Investment Issues:

Take decisions concerning proposals and requests submitted by the Management Investment Committee on matters beyond its authority as stipulated in the approved authority matrix annexed to the approved investment policy. This includes the following:

- Bank investments in Jordanian Dinar in money market and capital market instruments.
- The Bank's investments in foreign currencies in money market, capital market tools and currency exchange operations.

The Board of Directors shall decide on any of the items listed above if they exceed the authority of the Committee.

### Management and Investment Committee Members

- Mr. Nasser A. Lozi, Committee Chair (Independent)
- Mr. Masaud M. Hayat (Non – Independent)
- Mr. Tariq M. Abdul Salam (Non – Independent)
- Mr. Majed F. Burjak (Non – Independent)
- Mrs. Nadia A. Rawabdeh (Independent)

### Information Technology Governance Committee

The Committee is responsible for approving the Information Technology strategic objectives and appropriate organizational structures, including Steering Committees at Executive Management Level, to ensure the achievement of the Bank's strategic objectives, and realizing the best value-added of IT projects and investments resources while utilizing the tools and standards to monitor and ascertain the extent of achievement. The Committee shall oversee and be apprised of the progress of IT operations, resources and projects to ensure its adequacy and its effective contribution in achieving the Bank's business requirements.

### Information Technology Governance Committee Members

- Mr. Majed F. Burjak, Committee Chair (Non - Independent)
- Dr. Marwan J. Muasher (Independent)
- Mr. Hani K. Hunaidi (Independent)
- Mr. Nidal F. Qubbaj (Non- Independent)

### Board Members' Remuneration

Every Board member receives the sum of JD5,000 (USD7,052) per year as Board membership allowance, in addition to allowances in lieu of travel, transportation and Board committees' membership.

### Board and Committee Meetings during 2021

The following table shows the number of Board meetings and Board committees' meetings, and the number of meetings attended by each member during the year 2021, noting that Board of Director Members attended the General Assembly of Shareholders that was held on 4/5/2021. Noting that due to the COVID pandemic, the General Assembly of Shareholders, board meetings, and board committee meetings were conducted virtually.

## Governance Report for 2021

### Board Members (7) meetings

Member	Number of meetings attended
Mr. Abdel Karim A. Kabariti – Chairman until 3/5/2021	2
Mr. Nasser A. Lozi – Chairman as of 4/05/2021	5
Mr. Faisal H. Al Ayyar – Vice Chairman	5
Mr. Masaud M. Jawhar Hayat	7
Mr. Tariq M. Abdul Salam	7
Mr. Marwan M. Awad	7
Mr. Nidal F. Qubbaj	7
Dr. Youssef M. Al-Qusous – member until 3/5/2021	2
Mr. Mansour A. Lozi – member until 3/5/2021	2
Mr. Bijan Khosrowshahi	7
Dr. Marwan J. Muasher	7
Mr. Hani K. Hunaidi	7
Mr. Majed F. Burjak	7
Dr. Safwan S. Toqan	7
Dr. Omar M. Al Jazy – member as of 4/5/2021	5
Mrs. Nadia A. Rawabdeh – member as of 4/5/2021	5

### Corporate Governance Committee (2) meetings

Member	Number of meetings attended
Dr. Marwan J. Muasher	2
Mr. Abdel Karim A. Kabariti – member until 3/5/2021	1
Mr. Nasser A. Lozi – member as of 4/5/2021	1
Mr. Marwan M. Awad – member until 3/5/2021	1
Mr. Tariq M. Abdul Salam	1
Mr. Hani K. Hunaidi – member until 3/5/2021	1
Mrs. Nadia A. Rawabdeh – member as of 4/5/2021	1

## Governance Report for 2021

### Risk Committee (5) meetings

Member	Number of meetings attended
Mr. Marwan M. Awad – member until 3/5/2021	2
Dr. Safwan S. Toqan	5
Mr. Mansour A. Lozi – member until 3/5/2021	1
Mr. Nidal F. Qubbaj	5
Mrs. Nadia A. Rawabdeh – member as of 4/5/2021	3

### Compliance Committee (5) meetings

Member	Number of meetings attended
Mr. Mansour A. Lozi – member until 3/5/2021	1
Dr. Safwan S. Toqan – member until 3/5/2021	2
Mr. Hani K. Hunaidi	5
Mr. Marwan M. Awad	5
Mr. Nidal F. Qubbaj – member until 3/5/2021	2
Dr. Omar M. Al Jazy – member as of 4/5/2021	3

### Audit Committee (7) meetings

Member	Number of meetings attended
Mr. Hani K. Hunaidi	7
Dr. Safwan S. Toqan	7
Mr. Nidal F. Qubbaj	7
Dr. Omar M. Al Jazy – member as of 7/6/2021	4

### Nominations & Remuneration Committee (4) meetings

Member	Number of meetings attended
Dr. Safwan S. Toqan	4
Mr. Masaud M. Jawhar Hayat	4
Dr. Marwan J. Muasher – member until 3/5/2021	3
Mr. Majed F. Burjak – member until 3/5/2021	3
Mrs. Nadia A. Rawabdeh – member as of 4/5/2021	1
Dr. Omar M. Al Jazy – member as of 4/5/2021	1

## Governance Report for 2021

### Information Technology Governance Committee (4) meetings

Member	Number of meetings attended
Mr. Majed F. Burjak	4
Dr. Marwan J. Muasher	3
Mr. Hani K. Hunaidi	3
Mr. Nidal F. Qubbaj	4

### Board Credit Committee (40) meetings

Member	Number of meetings attended
Mr. Abdel Karim A. Kabariti – member until 3/5/2021	18
Dr. Youssef M. Al-Qusous – member until 3/5/2021	18
Mr. Mansour A. Lozi – member until 3/5/2021	18
Dr. Masaud M. Jawhar Hayat	40
Mr. Majed F. Burjak	40
Mr. Nasser A. Lozi – member as of 4/5/2021	22
Mr. Tariq M. Abdul Salam – member as of 4/5/2021	22
Mr. Marwan M. Awad – member as of 27/10/2021	6
Mrs. Nadia A. Rawabdeh – member from 7/6/2021 until 26/10/2021	13

### Management and Investment Committee (21) meetings

Member	Number of meetings attended
Mr. Abdel Karim A. Kabariti – member until 3/5/2021	15
Dr. Youssef M. Al-Qusous – member until 3/5/2021	15
Mr. Mansour A. Lozi – member until 3/5/2021	15
Dr. Masaud M. Jawhar Hayat	21
Mr. Majed F. Burjak	21
Mr. Nasser A. Lozi – member as of 4/5/2021	6
Mr. Tariq M. Abdul Salam – member as of 4/5/2021	6
Mr. Marwan M. Awad – member from 4/5/2021 until 26/10/2021	4
Mrs. Nadia A. Rawabdeh – member as of 27/10/2021	2

### JSC Governance Officer

Mr. Fadi M. Ayyad / Head of Compliance

Nasser A. Lozi



## Remuneration and Rewards Policy

JKB has a comprehensive remuneration and rewards policy that closely integrates with the approved performance evaluation policies. Staff annual raises and rewards are based on achievement that meets the Bank's interests and its sustainable progress in all areas. The policy also assures the independence of control units in such a way that staff salaries and rewards are not determined by the Bank's profit levels.

The remuneration and rewards policy sets the basis for annual salary raises, effect of promotion on salary, types and conditions of allowances paid to employees, and the structure of the salary scale and its review process, for the purposes of maintaining a competitive and fair work environment.

The salaries, transportation allowance and other expenses paid to the Bank's executives during the year 2021 were declared in the disclosure statement as required by article (4) of the disclosure regulations issued by the Jordan Securities Commission, and in the notes to the consolidated financial statements included in this report.

## Control Environment

### Internal Controls

JKB's Board of Directors and executive management are responsible for developing and maintaining the existence of internal control systems and procedures that are capable of ensuring the achievement of the following:

- Accuracy and integrity of financial and operational statements issued by the Bank.
- Effectiveness and efficiency of the Bank's operational activities.
- Effectiveness of measures and procedures set to safeguard the Bank's assets and properties.
- Compatibility with policies pertinent to internal operational procedures as well as laws, legislations and regulations in force.

The Bank believes in the importance of an effective internal monitoring and control system given that it is one of the key elements of sound management and the basis for safeguarding the safety and quality of the Bank's transactions. Hence the Bank has adopted a number of internal monitoring and control systems which their development, implementation, follow-up and update are the responsibility of the executive management. JKB's management continuously monitors and assesses the efficiency and effectiveness of these systems and their ability to achieve desired objectives. It also oversees their continuous development and enhancement.

In this context, the Board of Directors adopts internal monitoring and control policies that cover all aspects pertinent to internal control systems in terms of definition, components, implementation and the responsibility of the Board of Directors and the Executive Management towards them.

### Internal Audit

The philosophy of Internal Audit (IA) was based on its task to provide independent and objective assurance and consulting services to the Bank. IA objectives were designed to add value and improve the Bank's operations and help the management to accomplish its objectives by applying a systematic and disciplined approach to assess and improve the effectiveness of risk management, internal controls, and governance.

The Internal Audit Department is administratively subordinated to the Board Audit Committee (BAC). It reports to the BAC on the results of audit engagements.

The Internal Audit Charter was established according to best international standards for the professional practice of internal auditing and it defined the following:

- IA activity is independent and has no executive tasks.
- IA activity has direct authorized / unrestricted access to the Bank's and subsidiaries' records, personnel and physical properties relevant to the performance of engagements assigned to it.
- IA activity shall be provided with appropriate and sufficient number of competent resources (academically & professionally qualified staff) in addition to training courses both locally and abroad.

- IA activity provides reasonable assurance regarding the efficiency and effectiveness of the Bank's Internal Control Systems (ICS) and its ability to achieve the following objectives:
  - Reliability and integrity of financial and operational information.
  - Efficiency of operations.
  - Compliance with laws and regulations in force.
  - Safeguarding of the Bank's assets and properties.
  - Business continuity under all circumstances.
  - Improve and develop ICS, risk management, and governance processes.
  - Improve and develop operations (processes) and products to achieve the Bank's objectives.

A code of business conduct for Internal Audit staff members was prepared according to best international practice. The code emphasizes the principles of integrity, objectivity, confidentiality and efficiency that an auditor must have.

The scope of IA activity covers all the Bank's auditable business centers, activities and operations, including branches abroad and subsidiaries, and any outsourced activities if necessary, in a way that enables the management to assess the adequacy and effectiveness of ICS, risk management and governance processes, and achieve all engagements and responsibilities assigned to it. The IA also performs many other tasks the most significant of which are:

- Conduct accepted periodical engagements (assurance reviews) as per approved risk based audit plan prioritization on the approved Internal Audit strategic plan by BAC.
- Conduct any special review or consulting engagements based on the directives of the Chairman, BAC, the executive management, the Head of Internal Audit, or the monitoring bodies, according to best international standards for the professional practice of internal auditing.

The quality assurance concept was introduced to provide all stakeholders with reasonable assurance about audit function in term of conformance with the common international standards at both local and international levels.

## Risk Management

Various risks to which the Bank may be exposed to, are managed by an independent risk management department that reports directly to the Board Risk Committee.

**The Risk Management Function at the Bank is based on three main pillars as follows:**

- Full understanding and awareness by the Board of Directors, top executive management, and the Bank's employees of the types of potential risks in the Bank's operations.
- Availability of appropriate strategy, policies, and procedures to manage risk, which reveal the magnitude of risk that the Bank can address, in a manner that ensures financial strength.
- Availability of systems that help in managing various forms of risks that the Bank may face.

**The Risk Management Department's objectives are as follows:**

- Achieve financial strength, which reflects positively on the Bank's credit rating.
- Transparently highlight risks and ensure their clarity and understanding.
- Set recommendations required to identify the size and type of the main acceptable risks by the Board of Directors, assuring that current risks are compatible with those that have been planned for.
- The Bank's compatibility with the Basel accords and all legislations that govern and regulate risk management in banks.

The process of identifying, evaluating and managing risks is considered a joint responsibility, starting with each of the Bank's units, which are considered the first line of defense. Risk Management, considered the second line of defense, which evaluates and monitors risks and recommends ways of controlling and mitigating them, submitting the necessary reports to the Board Risk Committee, followed by the role of Internal Audit, which is considered the third line of defense.

In turn, the Risk Management Department is responsible for its above mentioned role within a documented organizational structure approved by the Board Risk Committee regarding credit, market, operational risk, information security, business continuity and liquidity (within the assets and liabilities framework) and conformity to the Basel accords. Furthermore, the Risk Management is represented in different committees that manage the Bank's operations for issues related to the risk management.

**The functions of the Risk Management Department are summarized as follows:**

- Review of the risk management framework at the Bank prior to the Board's approval.
- Implement the risk management strategy in addition to developing policies and procedures for managing all types of risks.
- Develop methodologies to identify, measure, and control all types of risks.
- Submit reports to the Board through the Risk Committee, with a copy to the top management, including information about the actual risk profile for all the Bank's activities, compared to the risk appetite document, and follow up on addressing deviations.
- Verify the integration of risk measurement mechanisms with management information systems in use.
- Study and analyze all types of risks that may face the Bank.
- Submit recommendations to the Board Risk Committee about the Bank's exposure to risks, recording exceptional cases against the risk management policy.
- Provide the necessary information regarding the Bank's risks for disclosure purposes.
- The Risk Management Department conducts awareness programs to the Bank's employees about risk management concept.
- Assess the Bank's capital adequacy, along with the Bank's risks and stress testing, as part of the internal capital adequacy assessment process, and submitting it to the Board Risk Committee, to be approved by the Board of Directors.

## **Compliance Control**

The Compliance Department aims to protect the Bank from the risks of legal or regulatory penalties, financial losses or reputational risks that it may be exposed to as a result of non-compliance with all applicable laws, regulations and instructions issued by the competent local and international regulatory authorities. In that context the Compliance Department undertakes the following:

- Manages Compliance functions independently, by submitting periodical reports to the Board Compliance Committee. The Compliance Department's scope of work covers all of the Bank's departments and branches in Jordan and abroad as well as its subsidiaries.
- Issues the compliance and other related policies that is approved by the BoD to monitor the Bank's overall compliance with the laws, regulations, and instructions issued by the regulatory authorities, best practices and industry standards, and that is reviewed and updated periodically.
- Monitors non-compliance risks through a database containing all the laws and regulations issued by domestic and international regulatory authorities that is constantly updated with the latest regulatory and legislative enactments that are binding to the Bank.
- Provides advice and consultation to all business centers and subsidiary companies regarding the legislations and regulations issued by the regulatory authorities.
- Monitors non-compliance risks through conducting periodic tests and assessments at all business centers to ensure their compliance with legislations and regulations issued by the regulatory authorities.
- Fulfills regulatory authorities' requirements through timely provision of periodic information and reports, respond to inquiries, continuous update of international sanctions lists, report suspicious financial activities, in addition to meeting the requirements of correspondent banks.
- Ensures that no banking relationships are entered into with persons or entities listed on international sanctions lists, or that any financial transactions are passed on to them.
- Ensures Compliance to the requirements of the Foreign Accounts Tax Compliance Act.
- Using automated systems to combat money laundering and terrorism financing, and adopts the risk-based approach in classifying the clients.
- Establishes principles to prevent bribery and corruption and maintains the highest level of ethical standards.
- Receives process and analyzes complaints from customers, and takes the necessary measures that prevent their reoccurrence.
- Enhance the compliance culture among the Bank's staff through workshops and training sessions in addition to periodic educational materials and bulletins.

## Code of Conduct

The Bank adopted a code of conduct that was endorsed by the Board of Directors. JKB employees across the various administrative levels as well as the Board of Directors have pledged to commit to it.

The Code defined the ethics, values and principles of the Bank employees in four main areas which are: integrity, compliance with laws, transparency and loyalty to the Bank.

## Whistle Blowing Policy

JKB maintains a policy and procedures pertinent to whistle blowing. The policy aims to promote a culture of openness and to demonstrate the shared responsibility of preserving work ethics. Procedures that deal with this policy were distributed among all Bank employees to follow. The procedures clarify accountability lines for reporting issues related to unusual and/or suspected behavior that must be reported. Monitoring of Whistle Blowing Policy Implementation is carried out by the Board Audit Committee.

## Customer Complaints Processing Unit

In compliance with the Central Bank of Jordan's instructions to deal with customers fairly and transparently No.(1/2017), the Customer Complaints Processing Unit within the Compliance Department receives and deals directly with customer complaints submitted through all available channels, including telephone calls, email messages, traditional mail, and complaints boxes at the branches. All complaints received are addressed and responded to in writing or verbally, noting that the Unit dealt with 248 complaints during the year 2021. Instructions are also sent to employees regarding these complaints, clarifying work procedures to some staff members wherever required. The Customer Complaints Processing Unit submits periodical reports to the Bank's top management, including a description of complaints received and how they were handled and solved. The unit also submits periodical reports to CBJ.

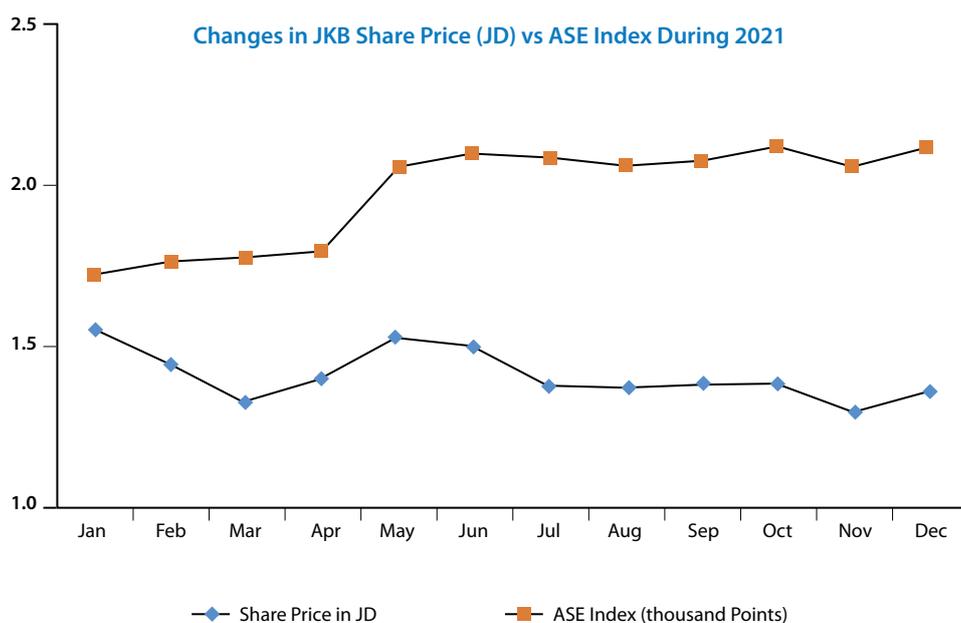
## Relation with Shareholders

The Bank develops positive relations, based on transparency, with all its shareholders. In this regard, the Bank spares no effort to encourage all shareholders, particularly minority shareholders, to attend the General Assembly meetings and cast their votes. The Bank has a wide shareholder base of 12,732 as of 31/12/2021. The main source of information for shareholders is the Annual Report which includes the Chairman's report, the audited consolidated financial statements, the corporate governance manual, and Bank's achievements for the previous year and the business plan for the following year. Additionally, the reviewed (un-audited) quarterly and semi-annual financial statements are disclosed.

The complete financial statements and the Board of Directors' report are filed at the Jordan Securities Commission (JSC) and the Amman Stock Exchange, with a copy submitted to the Companies Controller. These reports are published on JKB's website ([www.jkb.com](http://www.jkb.com)) which also provides extensive information about JKB's services, products, news and press releases. The Bank is committed to disclose any material information, should it occur, in accordance with the JSC instructions.

## Shares / Ownership Classification as of 31/12/2021

Number of Shares Held	Shareholders		Shares	
	No.	%	No.	%
Up to 500	7,654	60.116	1,382,168	0.921
501 – 1,000	2,892	22.714	2,004,575	1.336
1,001 – 5,000	1,608	12.630	3,433,353	2.290
5,001 – 10,000	232	1.822	1,699,553	1.133
10,001- 100,000	292	2.293	8,087,044	5.391
100,001 - 500,000	44	0.346	8,229,457	5.486
500,001 and over	10	0.079	125,163,850	83.443
<b>Total</b>	<b>12,732</b>	<b>100</b>	<b>150,000,000</b>	<b>100</b>



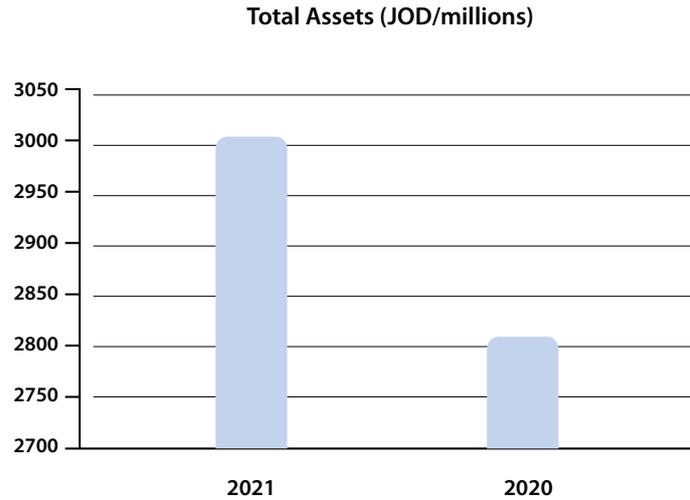
## JKB Financial Performance

The following are the most importance items of consolidated financial statements:

### A. Consolidated Statement of Financial Position:

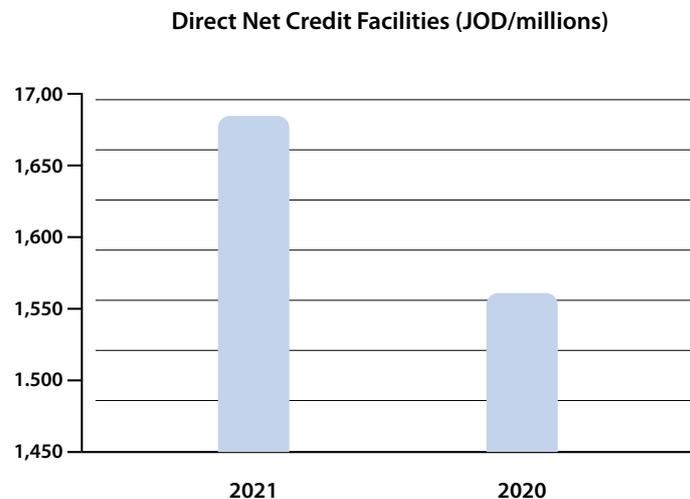
#### Assets:

Total assets amounted to JOD 3005.1 million as at 31/12/2021, compared to JOD 2809.9 million in the previous year, achieving a growth of 6.9%.



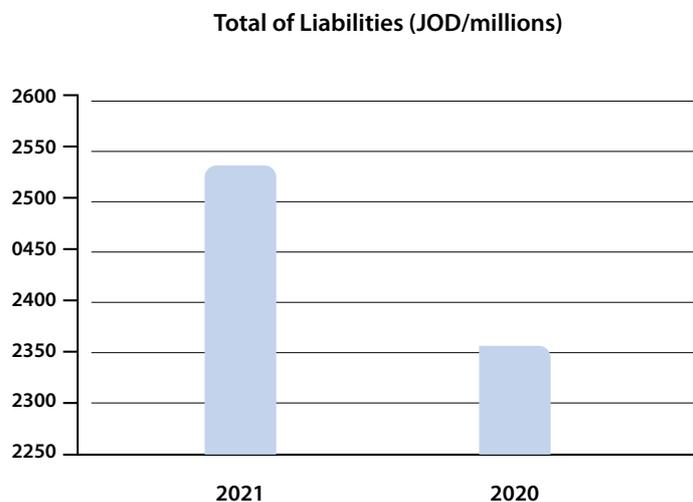
#### Direct Credit Facilities:

Direct Credit Facilities (net) amounted to JOD 1687.3 million at the end of 2021, against JOD 1556.5 million at the end of 2020; a growth of 8.4%. Total loans granted to individuals grew by 30% from the previous year, real estate loans grew by 15.7%, and corporate loans decreased by 2.5% from the year 2020. These results reflect the Bank's success in developing the credit portfolio and distribution across various economic sectors to increase profitability and diversifying risk.



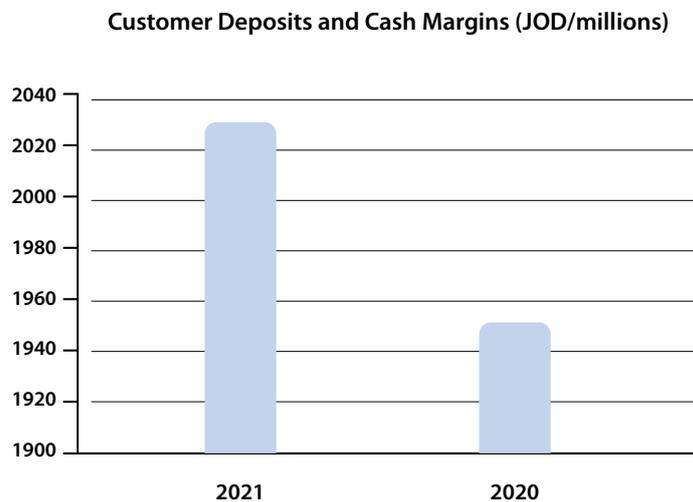
**Liabilities:**

Total liabilities at the end of 2021, increased by 7.8% from the previous year to record JOD 2537.5 million.



**Customer Deposits and Cash Margins:**

Customer Deposits and Cash Margins accounted for 80% of total liabilities. Customer Deposits include savings accounts, current accounts, term deposits and cash margins for individual and corporate clients. Total customer deposits and cash margins at year end amounted to JOD 2030.4 million against JOD 1951.4 million in 2020.



**Owners' Equity:**

Total Owners' Equity increased to reach JOD 467.7 million at year end compared to JOD 456.4 million in 2020; a growth rate of 2.5%. Bank shareholders' total equity amounted to JOD 467.4 million.

## **B. Consolidated Statement of Income**

### **Operational Results:**

Total revenues for 2021 amounted to JOD 111.9 million, compared to JOD 108.2 million in 2020, with a growth rate of 3.4%.

### **Operating Profits:**

Operating profits in 2021 reached JOD 7.7 million, compared to a loss of JOD 4.5 million in the previous year.

### **Net Interest and Commissions:**

the net interest and commissions reached JOD 94 million, compared to JOD 93.2 million for 2020; a 0.8% growth.

### **Operating Expenses:**

Operating expenses, which include employee expenses, office expenses, depreciation, administrative expenses, and provisions (excluding the provision for impairment in direct facilities and acquired assets), increased to JOD 69.3 million compared to JOD 61.6 million in 2020. This increase is due to higher service fees, higher labor costs, and allocation of provisions for seized real estate.

### **Provision for Impairment in Direct Credit Facilities:**

the Bank's management has continued its policy that aims at enhancing provisions for impairment in direct credit facilities to hedge against the prevailing and potential repercussions on the national economy and to address some weak accounts and non-performing loans. The provisions allocated for the year 2021 amounted to JOD 28.7 million, compared to JOD 39 million for 2020. The Bank continued its efforts to pursue the written-off debts, resulting in the recovery of JOD 886 thousand during the year, which has been booked to income.

## Major Financial Indicators and Ratios for 2021 and 2020

	JOD/thousands	
	2021	2020
<b>Major Operating Results</b>		
Net Interest and Commission	94,003	93,242
Gross Income	111,889	108,216
Income before taxes	12,073	(5,579)
Income after taxes	7,705	(4,511)
Earnings per Share/ JOD	0.052	(0.030)
<b>Major Financial Position Items</b>		
Total Assets	3,005,137	2,809,895
Direct Credit Facilities - Net	1,687,287	1,556,513
Customer Deposits and Cash Margins	2,030,379	1,951,446
Total Equity	467,674	456,432
<b>Off the Financial Position Items</b>		
	2021	2020
<b>Major Financial Ratios</b>		
Capital Adequacy Ratio	18.94%	19.39%
Financial Leverage Ratio	15.6%	16.2%
<b>Efficiency Indicators</b>		
G&A Expenses/ Net Interest and Commission	73.7%	66%
G&A Expenses/ Gross Income	61.9%	56.9%
<b>Asset Quality Indicators</b>		
Stage 3 loans/ Gross Credit Facilities	7.99%	11%
Stage 3 loans Coverage Ratio	67.7%	55.5%

# 2022 Business Plan

In line with the Bank's strategy and development and innovation plans, the Bank intend to achieve the following objectives and initiatives in 2022:

## Developing human resources

- Raise productivity and efficiency through the provision of training programs to develop required skills. Stimulate an environment of performance excellence, promote fair competition, increase employee loyalty through the completion of the Job Evaluation Program, which aims to re-evaluate all job descriptions to promote personal and professional career growth and continue to attract highly qualified talents.

## Technological advancements and digital transformation

- Implement cloud-based solutions, update data center technology at the main data center, high availability and alternative sites to provide the highest levels of availability and ensure the implementation of the business continuity plan, in addition to updating communications and network technologies at all the Bank's locations including the Head Office and branches.
- Implement the IT Service Management system, and deploy Robotic Process Automation and required software to improve technological efficiency.
- Application of middleware for the Bank's systems to apply latest practices and developments in banking technology, in particular Open Banking.

## Business development (products and services)

- Continue to address non-performing loans, raise collection efficiency and market seized real estate.
- Review and address the Credit Portfolio, undertake necessary actions to reduce concentration in the corporate credit portfolio, expand in the area of SME financing by attracting new customers from different sectors and introduce new facilities intended to support emerging projects.
- Enhance digital payment capabilities and technologies, including e-wallets contactless payments using mobile phones, and banking services using the JKBMobile application.
- Implement the Workflow program to automate a number of processes related to account opening, data cleansing and loans.
- Launch new services for Cyprus Branch customers, including e-services, to further elevate the quality of service provided and turnaround time.
- Enhance existing products and introduce new products, including environmentally friendly products inline with the sustainability framework adopted by the Bank, expansion of card products, payment services and digital payment services.

## Risk management and Cybersecurity

- Complete the application of the new cyber security instructions, adapt to cyber risks, and apply the principals, controls and measures related to them in accordance to the Central Bank of Jordan's instructions.

## Social responsibility

- Enhance support towards community-based initiatives aimed at increasing the empowerment of women, individuals and institutions in the community and that are in line with achieving the Sustainable Development Goals.

## Customer Experience

- Establish the Customer Experience Department to evaluate and develop the customer experience and raise it to the highest levels across all service delivery channels.



**Consolidated Financial Statements**  
**31 December 2021**



**Independent auditor's report**  
**To the shareholders of Jordan Kuwait Bank - Public Shareholding Company**  
**Amman- the Hashemite Kingdom of Jordan**

***Report on the Audit of the Consolidated Financial Statements***

**Our opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Jordan Kuwait Bank (the "Bank") and its subsidiaries (together the "Group") as at 31 December 2021, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as amended by the Central Bank of Jordan instructions.

***What we have audited***

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the consolidated statement of income for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence**

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.



*Independent auditor's report to the shareholders of Jordan Kuwait Bank (continued)*

**Our audit approach**

Overview

<b>Key Audit Matter</b>	<ul style="list-style-type: none"> <li>• Measurement of Expected Credit Losses</li> <li>• Assets seized by the bank against debts</li> </ul>
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As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We have designed the scope of the audit to perform sufficient procedures that enable us to express an opinion on the consolidated financial statements as a whole, taking into account the Groups structure, accounting processes, controls and business segments.

**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b><i>Measurement of Expected Credit Losses</i></b></p> <p>The Group applies the Expected Credit Loss model (ECL) on all its financial instruments measured at amortised cost, debt instruments measured at fair value through other comprehensive income and financial guarantee contracts including financing commitments in accordance with International Financial Reporting Standards as amended by the Central Bank of Jordan instructions.</p> <p>The Group exercises significant judgement and makes a number of assumptions in developing its ECL models, which includes probability of default computation separately for retail and corporate portfolios, determining loss given default and exposure at default for both funded and unfunded exposures, forward looking adjustments and staging criteria.</p>	<p>We performed the following audit procedures on the computation of the ECL included in the Group's consolidated financial statements for the year ended 31 December 2021:</p> <ul style="list-style-type: none"> <li>➤ We assessed and tested the design and operating effectiveness of the controls over the calculation of the expected credit losses model.</li> <li>➤ We tested the completeness and accuracy of the data used in the calculation of ECL.</li> <li>➤ For a sample of exposures, we checked the appropriateness of the Group's application of the staging criteria.</li> </ul>



*Independent auditor's report to the shareholders of Jordan Kuwait Bank (continued)*

**Key audit matter** (continued)

For defaulted exposures, the Group exercises judgements to estimate the expected future cash flows related to individual exposures, including the value of collateral.

The Group's impairment policy under IFRS 9 as amended by the Central Bank of Jordan Instructions is presented in Note (3) to the consolidated financial statements.

Measurement of ECL is considered as a key audit matter as the Group applies significant judgments and makes a number of assumptions in the staging criteria applied to the financial instruments as well as in developing ECL models for calculating its impairment provisions.

➤ We involved our internal specialists to assess the following areas:

- Conceptual framework used for developing the Group's impairment policy in the context of its compliance with the requirements of IFRS 9 as amended by the Central Bank of Jordan instructions.
- ECL modelling methodology and calculations used to compute the probability of default (PD), loss given default (LGD), and exposure at default (EAD) for the Group's classes of financial instruments.
- Reasonableness of the assumptions made in developing the modelling framework including assumptions used for estimating forward looking scenarios and significant increase in credit risk.
- Recalculation of the expected credit losses for a sample of the impaired financial assets at each stage.
- Evaluating the impact of COVID 19 on expected credit losses model in relation to the future economic outlook, macroeconomic data, the probability of default, and the losses resulting from default and its associated weights.

➤ In addition, for the Stage 3 corporate portfolio, the appropriateness of provisioning assumptions were independently assessed for a sample of exposures selected on the basis of risk and the significance of individual exposures. An independent view was formed on the levels of provisions recognised, based on the detailed loan and counterparty information available in the credit file. For the Stage 3 retail portfolio, assumptions were independently assessed for each product category and an independent view was formed on the levels of provisions recognised at each category level.

➤ We recalculated the provision for non-performing loans in accordance with the Central Bank of Jordan Instructions Number (47/2009).



- We compared the expected credit loss calculated in accordance with IFRS 9 as amended by the Central Bank of Jordan Instructions with the provision for expected credit losses calculated in accordance with the instructions of the Central Bank of Jordan No. (47/2009) and ensured that the Group has recorded whichever is higher.
- We assessed the consolidated financial statement disclosures to ensure compliance with IFRS 7 and IFRS 9 as amended by the Central Bank of Jordan Instructions. We have also ensured completeness and accuracy of the disclosures by verifying the information to accounting records.

Key audit matter	How our audit addressed the key audit matter
<p><b>Seized Assets by the Bank against Debts</b></p> <p>Assets seized by the bank are measured at acquisition value or fair value, whichever is lower. As of the consolidated statement of financial position date, these assets are revalued individually at fair value based on approved bases and methods according to the requirements of the international Financial Reporting Standards as amended by the Central Bank of Jordan instructions. Any related Impairment in their value is recorded based on recent real estate evaluations and approved by certified real estate appraisers.</p> <p>Due to the importance of these estimates and assumptions adopted in estimating the fair value, they are considered as significant risks that could cause a material misstatement in the consolidated financial statements that may arise from the inaccuracy of the estimates used to determine the fair value and any impairment losses</p> <p>As disclosed in Note (14) to the consolidated financial statements, the seized assets held by the Bank against debts amounted to JD 131,966,150 as of 31 December 2021.</p>	<p>We have performed the following procedures to assess the reasonableness of the management's estimates of the fair value and any impairment::</p> <ul style="list-style-type: none"> <li>➤ Evaluated management's methodology in estimating the fair value of seized assets against debts.</li> <li>➤ Reviewed reports of independent real estate appraisers assigned by the management to value those assets.</li> <li>➤ Evaluate the independence and competence of the appraisers assigned by the bank's management.</li> <li>➤ Comparing the actual selling prices with the carrying book value of the properties as of 31 December 2021.</li> <li>➤ Assessed the adequacy of the disclosure about the assets seized by the bank against debts in Note (14).</li> </ul>



### *Independent auditor's report to the shareholders of Jordan Kuwait Bank (continued)*

#### **Other information**

The directors are responsible for the other information. The other information comprises all the other information included in the Group's annual report for the year 2021 (but does not include the consolidated financial statements and our auditor's report therein), which is expected to be made available to us after the date of this auditor's report.

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

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

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

#### **Responsibilities of management and those charged with governance for the consolidated financial statements**

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as modified by the Central Bank of Jordan instructions, and with other identified applicable laws in the Hashemite Kingdom of Jordan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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



*Independent auditor's report to the shareholders of Jordan Kuwait Bank (continued)*

### **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible
- for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.



*Independent auditor's report to the shareholders of Jordan Kuwait Bank (continued)*

**Auditor's responsibilities for the audit of the consolidated financial statements (continued)**

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.

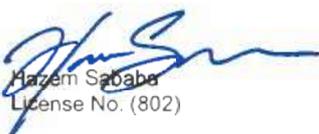
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

**Report on other legal and regulatory requirements**

The Group maintains proper accounting records that are in agreement with the accompanying consolidated financial statements. We recommend that the General assembly of the Shareholders approve these consolidated financial statements.

For and on behalf of PricewaterhouseCoopers "Jordan"

  
Hazem Sababa  
License No. (802)



Amman, Jordan  
28 February 2022

## Consolidated statement of financial position As at 31 December 2021

	Note	2021	2020
		JD	JD
<b>Assets</b>			
Cash and balances with Central Banks	4	317,205,145	361,869,605
Balances at banks and financial institutions	5	142,138,455	136,758,518
Loan with a repurchase option at fair value	6	10,000,000	10,000,000
Direct credit facilities, net	7	1,687,286,812	1,556,512,833
Financial assets at fair value through statement of income	8	4,133,548	-
Financial assets at fair value through other comprehensive income	9	74,979,107	85,867,274
Financial assets at amortized cost	10	494,569,305	402,110,610
Property and equipment, net	11	33,850,914	28,527,698
Intangible assets, net	12	5,664,986	1,964,717
Deferred tax assets	21	43,487,269	36,718,616
Other assets	14	178,976,591	170,574,955
Right of use of leased assets	13	12,844,569	13,347,577
Assets held for sale	47	-	5,642,817
<b>Total assets</b>		<b>3,005,136,701</b>	<b>2,809,895,220</b>
<b>Liabilities and shareholders' equity</b>			
<b>Liabilities</b>			
Banks and financial institutions deposits	15	166,945,457	173,687,677
Customers' deposits	16	1,937,299,470	1,877,550,483
Cash margins	17	93,079,208	73,895,317
Borrowed funds	18	239,115,636	128,255,444
Sundry provisions	19	12,478,231	14,303,613
Bonds	20	11,000,000	11,000,000
Income tax provision	21	9,745,645	2,176,841
Deferred tax liabilities	21	4,642,969	2,555,136
Lease liabilities	13	12,530,503	12,389,957
Liabilities directly associated with assets held for sale	47	-	1,529,164
Other liabilities	22	50,625,524	56,119,661
<b>Total liabilities</b>		<b>2,537,462,643</b>	<b>2,353,463,293</b>
<b>Shareholders' equity</b>			
Paid-in capital	23	150,000,000	150,000,000
Statutory reserve	24	97,254,251	96,043,640
Voluntary reserve	24	133,444,584	131,023,362
Financial assets revaluation reserve at fair value - net	25	7,044,559	4,571,425
Actuarial gain (loss) from remeasurement of defined post-employment benefits	19	558,921	(565,736)
Equity directly associated with assets held for sale	47	-	(22,185)
Retained earnings	26	79,094,033	75,381,421
<b>Total shareholders' equity - Bank's shareholders</b>		<b>467,396,348</b>	<b>456,431,927</b>
Non-controlling interests		277,710	-
<b>Total shareholders' equity</b>		<b>467,674,058</b>	<b>456,431,927</b>
<b>Total liabilities and shareholders' equity</b>		<b>3,005,136,701</b>	<b>2,809,895,220</b>

The accompanying notes from 1 to 47 form an integral part of these consolidated financial statements and shall be read with them.

## Consolidated Statement Of Income For The Year Ended 31 December 2021

	Note	2021	2020
		JD	JD
Interest income	28	127,163,571	135,508,453
Less: Interest expense	29	42,823,508	50,697,008
<b>Net interest income</b>		<b>84,340,063</b>	<b>84,811,445</b>
Net commission income	30	9,662,696	8,430,916
<b>Net interest and commission income</b>		<b>94,002,759</b>	<b>93,242,361</b>
Gain from foreign currencies	31	2,722,720	2,940,750
(Loss) from sale of financial assets at fair value through income	8	(303,783)	-
(Loss) from sale of financial assets at fair value through other comprehensive income – debt instruments	9	(89,987)	(407,041)
Cash dividends from financial assets at fair value through other comprehensive income	9	1,068,858	2,768,310
Gain from sale of financial assets at amortised cost	10	2,132,280	-
Other income	32	12,355,910	9,671,804
<b>Total income</b>		<b>111,888,757</b>	<b>108,216,184</b>
Employees' expenses	33	29,892,235	28,868,000
Depreciation and amortisation	11/12	4,470,471	4,715,649
Expected credit losses- direct credit facilities	7	28,707,400	38,986,214
(Reversal from) expected credit losses- indirect credit facilities		(248,939)	1,485,714
(Reversal from) expected credit losses – bank deposits and financial institution	4/5	(53,567)	5,966,519
Expected credit losses - investments	10	2,142,782	5,783,115
Sundry provisions	19	2,300,042	2,085,019
Other expenses	34	32,605,633	25,904,705
<b>Total expenses</b>		<b>99,816,057</b>	<b>113,794,935</b>
<b>Profit (loss) for the year before income tax</b>		<b>12,072,700</b>	<b>(5,578,751)</b>
Less: Deficit (surplus) Income tax expense for the year	21	4,367,863	(1,606,291)
<b>Profit (loss) for the year from continued operations</b>		<b>7,704,837</b>	<b>(3,972,460)</b>
Net loss from discontinued operations	47	-	(538,815)
<b>Profit (loss) for the year</b>		<b>7,704,837</b>	<b>(4,511,275)</b>
Attributable to:			
Bank's shareholders		7,738,243	(4,511,275)
Non-controlling interests		(33,406)	-
Earnings per share:			
Profits (losses) earnings per share for the year			
<b>Basic and diluted</b>	35	<b>0.052</b>	<b>(0.030)</b>
Profits (losses) earnings per share from continued operations for the year			
<b>Basic and diluted</b>	35	<b>0.052</b>	<b>(0.026)</b>
Profits (losses) earnings per share from discontinued operations for the year			
<b>Basic and diluted</b>	35	<b>0.000</b>	<b>(0.004)</b>

The accompanying notes from 1 to 47 form an integral part of these consolidated financial statements and shall be read with them.

## Consolidated Statement Of Comprehensive Income For The Year Ended 31 December 2021

	2021	2020
	JD	JD
Profit (loss) for the year	7,704,837	(4,511,275)
Other comprehensive income items		
Items that may be reclassified to the consolidated statement of income – after tax:		
Net change in the valuation reserve of financial assets at fair value through comprehensive income after tax- debt instruments	308,573	542,652
Items that will not be reclassified to the consolidated statement of income- after tax:		
Net change in the valuation reserve of financial assets at fair value through comprehensive income after tax - equity instruments	1,792,948	1,735,266
Actuarial gain (loss) from remeasurement of defined post-employment benefits	1,124,657	(565,736)
<b>Total comprehensive income (loss) for the year</b>	<b>10,931,015</b>	<b>(2,799,093)</b>
Attributable to:		
Bank's shareholders	10,964,421	(2,799,093)
Non-controlling interests	(33,406)	-

The accompanying notes from 1 to 47 form an integral part of these consolidated financial statements and shall be read with them.

# Consolidated Statement Of Changes In Equity For The Year Ended 31 December 2021

the statement	Paid in capital		Reserves		Net Reserve			Retained earnings	Shareholders equity - Bank's shareholders	Non-controlling interests	Total equity
	JD	JD	Statutory	Voluntary	Revaluation reserve of financial assets at fair value - after tax	Actuarial gain (loss) from remeasurement of defined post-employment benefits	Equity directly associated with assets held for sale				
								JD	JD	JD	JD
<b>For the year ended 31 December 2021</b>											
<b>Balance at the beginning of the year</b>	150,000,000	96,043,640	131,023,362	4,571,425	(565,736)	(22,185)	75,381,421	456,431,927	-	-	456,431,927
Income (loss) for the year	-	-	-	-	-	-	7,738,243	7,738,243	(33,406)	-	7,704,837
Net change in the revaluation reserve of financial assets at fair value through comprehensive income after tax	-	-	-	2,079,336	-	-	22,185	-	-	-	2,101,521
(Loss) Realised from sale of financial assets at fair value through other comprehensive income	-	-	-	393,798	-	-	(393,798)	-	-	-	-
Actuarial gains arising from reassessment of defined employee benefit plans	-	-	-	-	1,124,657	-	-	-	-	-	1,124,657
<b>Total comprehensive income (loss) for the year</b>	-	-	-	<b>2,473,134</b>	<b>1,124,657</b>	<b>22,185</b>	<b>7,344,445</b>	<b>10,964,421</b>	<b>(33,406)</b>	<b>-</b>	<b>10,931,015</b>
Non-controlling interests due to reclassification of a subsidiary	-	-	-	-	-	-	-	-	-	311,116	311,116
Transferred to reserves	-	1,210,611	2,421,222	-	-	-	(3,631,833)	-	-	-	-
<b>Balance as at 31 December 2021</b>	<b>150,000,000</b>	<b>97,254,251</b>	<b>133,444,584</b>	<b>7,044,559</b>	<b>558,921</b>	<b>-</b>	<b>79,094,033</b>	<b>467,396,348</b>	<b>277,710</b>	<b>-</b>	<b>467,674,058</b>
<b>For the year ended 31 December 2020</b>											
Balance at the beginning of the year	100,000,000	96,043,640	181,023,362	2,296,466	-	(17,829)	80,186,800	459,532,439	-	-	459,532,439
(Loss) for the year	-	-	-	-	-	-	(4,511,275)	(4,511,275)	-	-	(4,511,275)
Net change in the revaluation reserve of financial assets at fair value through comprehensive income after tax	-	-	-	2,282,274	-	(4,356)	-	-	-	-	2,277,918
Realised gain from sale of financial assets at fair value through other comprehensive income	-	-	-	(7,315)	-	-	7,315	-	-	-	-
Actuarial losses arising from reassessment of defined employee benefit plans	-	-	-	-	(565,736)	-	-	(565,736)	-	-	(565,736)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,274,959</b>	<b>(565,736)</b>	<b>(4,356)</b>	<b>(4,503,960)</b>	<b>(2,799,093)</b>	<b>-</b>	<b>-</b>	<b>(2,799,093)</b>
Transferred to reserves	-	-	-	-	-	-	-	-	-	-	-
Share capital increase expenses	-	-	-	-	-	-	(301,419)	(301,419)	-	-	(301,419)
Dividends distributed (note 27)	50,000,000	-	(50,000,000)	-	-	-	-	-	-	-	-
<b>Balance as at 31 December 2020</b>	<b>150,000,000</b>	<b>96,043,640</b>	<b>131,023,362</b>	<b>4,571,425</b>	<b>(565,736)</b>	<b>(22,185)</b>	<b>75,381,421</b>	<b>456,431,927</b>	<b>-</b>	<b>-</b>	<b>456,431,927</b>

- Retained earnings include a restricted amount against deferred tax assets of JD 43,487,269 as at 31 December 2021 (2020: JD 36,718,616) in accordance with the instructions of the Central Bank of Jordan.

- Retained earnings include an amount of JD 3,246,661 as at 31 December 2021 (2020: JD 3,246,661) which represents the effect of the early adoption of IFRS (9) during the year 2011. Such amount is restricted and cannot be utilized according to Jordan Securities Commission regulations. Which represents the revaluation differences of financial assets at fair value through statement of income, net of those realized through sales

- In accordance with the instructions of the Central Bank of Jordan No. 13/2018, the accumulated balance of the general banking risk reserve amounting to JD 14,288,875 as at 1 January 2018 was transferred to the retained earnings to offset the impact of IFRS 9. Surplus amount - if any - after the offset is restricted.

- Use of fair value reserve is restricted and requires prior approval from the Central Bank of Jordan.

The accompanying notes from 1 to 47 form an integral part of these consolidated financial statements and shall be read with them.

## Consolidated Statement Of Cash Flows For The Year Ended 31 December 2021

	Note	2021	2020
		JD	JD
<b>Operating activities:</b>			
<b>Profit (loss) for the year before income tax</b>		12,072,700	(6,117,566)
Net (Loss/ gain from discontinued operations			
<b>Adjustment for:</b>			
Depreciations and amortisations		4,470,471	4,715,649
Expected credit losses- direct credit facilities		28,707,400	38,986,214
(Reversal from) expected credit losses- indirect credit facilities		(248,939)	1,485,714
(Reversal from) expected credit losses – bank deposits and financial institution		(53,567)	5,966,519
Expected credit losses - investments		2,142,782	5,783,115
Net interest income		(20,659,697)	(14,611,297)
Provision for end of service benefits		2,342,268	2,288,712
Provision for lawsuits and legal cases		600,000	360,000
Loss on sale of seized assets		2,271,861	533,974
(Profit) on sale of property and equipment		(36,495)	(16,550)
Loss on sale of equity instruments through income		303,783	-
(Profit) on sale of debt instruments at amortised cost		(2,132,280)	-
Loss on sale of financial assets at fair value through other comprehensive income - debt instruments		89,987	407,041
Provision for seized assets		4,392,387	365,428
Amortisation of right of use - leased assets		2,713,528	2,163,762
Effect of exchange rate fluctuations on cash and cash equivalents		5,854	(3,141)
<b>Cash flows generated from operating activities before changes in assets and liabilities</b>		<b>36,982,043</b>	<b>42,307,574</b>
<b>Change in assets and liabilities:</b>			
Decrease (increase) in deposits with banks and banking institutions		53,567	(5,749,288)
Financial assets at fair value through income		(4,437,331)	-
(Increase) in direct credit facilities		(159,481,379)	(21,722,331)
Loan with a repurchase right at fair value		-	(10,000,000)
Decrease in other assets		16,798,828	16,941,487
(Decrease) increase in deposits with banks and financial institutions of more than 3 months maturity		(89,279,667)	82,189,677
Increase in customers' deposits		59,748,987	11,457,977
Increase (decrease) in cash margins		19,183,891	(8,283,305)
(Decrease) in other liabilities		(13,594,590)	(15,154,906)
(Decrease) increase in liabilities directly associated with assets held for sale		(1,529,164)	223,429
<b>Net cash flows (used in) generated from operating activities before provisions and income tax paid</b>		<b>(135,532,630)</b>	<b>92,205,958</b>
End of service indemnity - paid		(2,043,855)	(1,659,604)
Provision for lawsuits - paid		(350,572)	(6,624)
Paid Income tax		(2,069,670)	(16,211,648)
<b>Net cash flows (used in) generated from operating activities</b>		<b>(139,996,727)</b>	<b>74,328,938</b>
<b>Investing activities</b>			
(Increase) in financial assets at amortised cost		(96,943,745)	(93,454,500)
Decrease in financial assets at fair value through comprehensive income		14,023,239	5,407,170
Decrease (increase) in equity directly associated with assets held for sale		5,642,817	(1,324,123)
(Increase) in property, equipment and intangible assets		(13,457,461)	(7,122,150)
<b>Net cash flows (used in) investing activities</b>		<b>(90,735,150)</b>	<b>(96,493,603)</b>
<b>Financing activities</b>			
Lease liability payments		(2,210,520)	(2,158,876)
Bonds		-	11,000,000
Increase in borrowed funds		110,860,192	26,047,980
Non-controlling interests		311,116	-
Cash dividends paid to shareholders		(80,015)	(455,502)
<b>Net cash flows generated from financing activities</b>		<b>108,880,773</b>	<b>34,433,602</b>
Net (decrease) increase in cash and cash equivalents		(121,851,104)	12,268,081
Effect of exchange rate fluctuations on cash and cash equivalents		(5,854)	3,141
Cash and cash equivalents at beginning of the year		449,326,038	437,054,816
Cash and cash equivalents at the end of the year	36	327,469,080	449,326,038

The accompanying notes from 1 to 47 form an integral part of these consolidated financial statements and shall be read with them.

# Consolidated Statement Of Cash Flows For The Year Ended 31 December 2021

## (1) General information

Jordan Kuwait Bank was established as a Jordanian public limited shareholding company under the registration number (108) on October 25, 1976 in accordance with the Jordanian Companies Law No. (13) for the year 1964. The Head Office of the Bank is located in Omayya Bin Abdshams Street, Abdali. Tel. +962 (6) 5629400, P.O. Box 9776, Amman – 11191 Jordan.

The Bank current Paid up Capital amounted to JD 150 million distributed on 150 million shares, with a par value of JD 1 per share.

The Bank provides all banking and financial activities related to its activities through its head office and (67) branches inside the Kingdom and (1) foreign branch. The Bank owns two subsidiaries, for finance leasing, and the other one for brokerage services which owns a company for financial advisory services.

Jordan Kuwait Bank is a Public Shareholding Company limited and is listed in Amman Stock Exchange.

Jordan Kuwait Bank is 50.927% owned at by Al Rawabi United Holding Company and the financial statements of the Bank are consolidated within the consolidated financial statements of the ultimate parent Company Kuwait Projects Holding Company (KIPCO).

The financial statements were approved by the Bank's Board of Directors at its meeting No. (1/2022) held on 12 February 2022 and are subject to the approval of General Assembly of Shareholders.

## (2) Summary of significant accounting policies

The significant accounting policies adopted by the Bank in the preparation of these consolidated financial statements are set out below.

### 1-2 Basis of preparation

The consolidated financial statements of the Bank and its subsidiaries (together the "Group") have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as amended by the Central Bank of Jordan.

The Jordanian Dinar is the presentation currency for the consolidated financial statements and is the Group's functional currency.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in (note 3).

The financial statements have been prepared under the historical cost except for some financial instruments, which are measured at fair value at the end of each period, as shown in the accounting policies below.

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

Some items are classified and presented in the consolidated statement of financial position, consolidated statement

of income and the consolidated statement of cash flows and the related disclosure, such as credit facilities, interest in suspense, expected credit losses, investments, fair value levels, segments classification and disclosures related to risks and others, are presented and disclosed in accordance with the requirements of the Central Bank of Jordan, its instructions and circulated guidance which might not include all the requirements of IFRS such as IFRS 7, 9 and 13.

Provisions for expected credit losses are formed in accordance with the instructions of the Central Bank of Jordan (No. 13/ 2018) "Application of the IFRS (9)" dated 6 June 2018 and in accordance with the instructions of the supervisory authorities in the countries in which the bank operates, whichever is stricter. The significant differences are as follows:

- a. Debt instruments issued or guaranteed by the Jordanian government are excluded, so that credit exposures are treated and guaranteed by the Jordanian government without credit losses.
- b. When calculating credit losses against credit exposures, the calculation results are compared according to IFRS (9) under the instructions of the Central Bank of Jordan No. (2009/47) of 10 December 2009 for each stage separately and the stricter results are booked.

## Consolidated Statement Of Cash Flows For The Year Ended 31 December 2021

According to the instructions of the Central Bank of Jordan No. (47/2009) issued on 10 December 2009 regarding the classification of credit facilities and the calculation of the impairment provisions, credit facilities were classified into the following categories:

### a- low risk credit facilities, which do not require any provisions:

These are credit facilities that have any of the following characteristics:

2. Facilities granted and guaranteed by the Jordanian government, as well as to the governments of countries in which Jordanian banks have branches, provided that these facilities are granted in the same currency of the host country.
3. Cash Guaranteed by (100%) of the outstanding balance at any time.
4. Facilities guaranteed with an acceptable bank guarantee at (100%).

### b- Acceptable risk credit facilities, which do not require provision:

These are credit facilities that have any of the following characteristics:

1. Strong financial positions and adequate cash flows.
2. Contracted and covered with duly accepted guarantees.
3. Having good sources of repayment.
4. Active account movement and regular repayment of principal and interest
5. Efficient management of the client.

### c- Credit facilities listed under the watch-list (requiring special attention) which impairment allowances for are calculated within a range of (1.5% - 15%):

These are credit facilities that have any of the following characteristics:

1. The existence of dues for a period of more than (60) days and less than (90) days for the principal of credit facilities and/or interest.
2. Exceeding the overdraft predetermined limit by (10%), and for a period of more than (60) days and less than (90) days.
3. Credit facilities that have previously been classified as non-performing credit facilities then reclassified from the list upon meeting the rescheduling criteria.
4. Acceptable-risk credit facilities that has been rescheduled twice in one year.
5. Credit facilities that have been expired for more than 60 days and less than (90) days and have not been renewed.

This is in addition to other conditions detailed in the instructions.

### d- Non-performing credit facilities:

The credit facilities that have any of the following characteristics:

1. They are past due, or the maturity of one of their instalments, or default payment of the principal amount and / or interest, or dormant current debit account for the following periods:

Classification	Number of past due days	The percentage of the provision for the first year
Sub-standard credit facilities	(90) – (179) days	25%
Doubtful credit facilities	(180) – (359) days	50%
Bad debt/loss credit facilities	(360) days and more	100%

## Consolidated Statement Of Cash Flows For The Year Ended 31 December 2021

2. Overdrafts that exceed the granting limit by (10%) and more, and for the duration of (90) days and more.
3. Credit facilities that have been expired for 90 days or more and have not been renewed.
4. Credit facilities granted to any customer declared bankrupt or to any company that has been deemed under liquidation.
5. Credit facilities that were restructured three times within a year.
6. Current and on-demand accounts overdrawn for (90) days or more.
7. The value of guarantees paid on behalf of the clients and were not credited to their accounts with past due of (90) days or more.

The expected credit losses provision against credit facilities is calculated in accordance with the 2009/47 instructions for this category of facilities according to the above ratios and the amount of unguaranteed credit facilities during the first year, while the allocation of the covered amount is completed at 25% and over four years.

Interest and commissions are suspended on non-performing credit facilities and facilities classified within the third stage in accordance with the instructions of the Central Bank of Jordan and in accordance with the instructions of the supervisory authorities in the countries in which the Bank operates, whichever is stricter.

Assets that have been seized by the Bank against debts are stated in the consolidated statement of financial position within other assets at the acquisition cost or the fair value, whichever is lesser, and are revalued on the date of the consolidated financial statements individually. Any impairment in their value is recorded as a loss in the consolidated statement of income and any appreciation in value is not recorded as income. The subsequent increase is taken to the consolidated statement of income to the extent that it does not exceed the value of the previously recorded impairment. As of the beginning of 2015, a gradual provision was made for real estate seized for more than 4 years against debts according to the Circular of the Central Bank of Jordan No. 4076/1/15 dated 27 March 2014 and No. 2510/1/10 dated 14 February 2017. It is to be noted that the Central Bank of Jordan issued Circular No. 13967/1/10 dated 25 October 2019, in which the Central Bank acknowledged the enforceability of the circular No. 16607/1/10 dated 17 December 2017, in which the Central Bank confirmed the deferment of the calculation of the provision until the end of the year 2020. According to the Central Bank's Circular No. 16239/1/10 dated 21 November 2020, deduction of the required provisions against real estate acquired is to be provided for at a rate of (5%) of the total book value of these seized properties (regardless of the violation period) as of the year 2021, so that the required percentage of 50% of these properties are to be reached by the end of the year 2029.

According to the Circular of the Central Bank of Jordan number 13246/3/10 dated 2 September 2021, Circular number 16239/1/10 dated 21 November 2019 has been postponed for one year. Therefore, the provisions will continue to be deducted from 2022, so that the required percentage of 50% of these properties are to be reached by the end of 2030.

Cash and balances with the Central Bank item include, the cash reserve requirement item, which represents restricted balances according to the Central Bank's instructions and in accordance with the instructions of the supervisory authorities in the countries in which the Bank operates, whichever is stricter.

The accounting policies used in preparing the consolidated financial statements are consistent with the accounting policies that were followed in preparing the consolidated financial statements for the year ended 31 December 2020, with the exception of the effect of applying new and revised IFRSs, which became effective for financial periods beginning on or after 1 January 2021, as mentioned in Note (2.2).

### 2-2 Changes in accounting policies and disclosures

The accounting policies used in the preparation of these consolidated financial statements are consistent with those followed in the preparation of the last consolidated financial statements for the Group for the year ended 31 December 2021, except for the adoption of new standards and amendments to the existing standards as mentioned below.

#### **New and amended standards issued and adopted by the Group:**

##### **- Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions**

As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

##### **- A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16.**

##### **- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform (IBOR) – Phase 2**

The IASB issued amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 that address issues arising during the interest rate benchmark reform, including the substitution of one benchmark for another alternative. Due to the prevailing nature of IBOR based contracts, adjustments can affect companies in all sectors. The amendments are effective from 1 January 2021. The Group has no substantial exposure to instruments which are referenced to IBOR.

##### **- The amendment to IAS 16 Property, "Plant and Equipment (PP&E)"**

Prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

##### **- The amendment to IFRS 17 and IFRS 4, delay "Insurance Contracts" for IFRS 9.**

The amendments delay the date of implementation of IFRS 17 for two years to be at the first of January 2023 and change the installed date for temporary exemption in IFRS 4 from the implementation of IFRS 9 until the first of January 2023.

##### **- Amendments were made to IFRS 3 Business Combinations**

To update the references to the International Financial Reporting Standard 3 Conceptual Framework for Financial Reporting. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

##### **- Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets'**

Specify which costs a Group includes when assessing whether a contract will be loss-making.

## Consolidated Statement Of Cash Flows For The Year Ended 31 December 2021

### New and revised IFRSs issued but not yet effective and not early adopted

The Group did not apply the following new standards, amendments and interpretations which have been issued but are not yet effective

New standards, amendments and interpretations	Effective for annual periods beginning on or after
<p>IFRS 17 "Insurance contracts": On 18 May 2017, the IASB finished its long-standing project to develop an accounting standard on insurance contracts and published IFRS 17 "Insurance Contracts". IFRS 17 replaces IFRS 4, which currently permits a wide variety of practices. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.</p> <p>The standard applies to annual periods beginning on or after 1 January 2023, and early application is permitted if it coincides with the application of IFRS 15 "Revenue from Contracts with customers" and IFRS 9 "Financial Instruments".</p> <p>IFRS 17 requires a current measurement model as estimates are remeasured in each reporting period. The measurement is based on discounted weighted cash flow bases, an adjustment for risk, and contractual services margin that represents unearned contract profits. A simplified premium allocation method is permitted for liabilities over the remaining coverage period if this method allows for a measurement method that is not materially different from the general model or if the coverage period extends for a year or less. However, claims incurred should be measured by reliance on risk-weighted, risk-adjusted and discounted cash flow bases.</p>	1 January 2023
<p>Amendments to IAS 1, "Presentation of financial statements" on classification of liabilities. These minor amendments to IAS 1, "Presentation of financial statements" clarify that liabilities are classified as either current or non-current liabilities, depending on equities at the end of reporting period. The classification is not affected by the entity's expectations or events subsequent to the reporting date (for example, receipt of a waiver or breach of an undertaking). The amendment also clarifies any reference to a "settlement" of liability as mentioned in the IAS 1.</p>	1 January 2023
<p>The amendment to IAS 8 Accounting Policies. Clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.</p>	1 January 2023
<p>The amendments to IAS 12 Income Taxes. Require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.</p>	1 January 2023
<p>Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28</p> <p>The IASB has made limited scope amendments to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations).</p>	1 January 2023

There are no other relevant IFRSs standards, amendments to the published standards, or IFRSs Interpretation Committee that have been issued but did not come into effect for the first time for the Group's financial year that began on 1 January 2021 and was expected to have significant effect on the Group's consolidated financial statements.

### 2.3 Basis of consolidation of the financial statements

The consolidated financial statements include the financial statements of the Bank and the companies under its control (its subsidiaries), and control is achieved when the Bank:

- Has the ability to control the investee;
- Is exposed to variable returns, or has the right to variable returns, resulting from its association with the investee;
- Has the ability to use its power to influence the returns of the investee.

The Bank will re-estimate whether it controls the investees or not if the facts and circumstances indicate that there are changes on one or more of the control points referred to above.

In the event that the Bank's voting rights fall below the majority of voting rights in any of the investees, it will have the power to control when voting rights are sufficient to give the Bank the ability to unilaterally direct the related subsidiary activities.

## Consolidated Statement Of Cash Flows For The Year Ended 31 December 2021

The bank takes into account all facts and circumstances when estimating whether the Bank has voting rights in the investee that are sufficient to give it the ability to control or not. These facts and circumstances include:

- The volume of voting rights the Bank has in relation to the number and distribution of other voting rights;
- Potential voting rights held by the Bank and any other voting rights holders or parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances indicating that the bank has, or does not have, a current responsibility to direct the relevant activities at the time the required decisions are taken, including how to vote in meetings of previous general assembly's meetings.

The subsidiary is consolidated when the Bank controls the subsidiary and is deconsolidated when the Bank loses control of the subsidiary. Specifically, the results of operations of subsidiaries acquired or excluded during the year are included in the consolidated statement of profit or loss from the date on which control is achieved until the date the control of the subsidiary is lost.

Profits and losses and each item of the comprehensive income are distributed to the owners in the entity and the non-controlling interest, the comprehensive income for the subsidiaries belonging to the owners in the entity and the non-controlling share is distributed even if this distribution will lead to a deficit in the balance of the non-controlling interest.

Adjustments are made to the financial statements of the subsidiaries, when required, to align their accounting policies with those used by the Bank.

Non-controlling interests in the subsidiaries are determined separately from the Bank's equity in these entities. The non-controlling interests of the shareholders currently present in the equity granted to their owners with a proportionate share of the net assets upon liquidation may be measured initially at fair value or by the proportionate share of non-controlling interests in the fair value of the identifiable net purchase amount of assets. The measurement is selected on an acquisition basis. Other non-controlling interests are initially measured at fair value. After acquisition, the carrying value of non-controlling interests is the value of these interests upon initial recognition, in addition to the non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributable to the non-controlling interests even if that results in a deficit in the non-controlling interests balance.

Changes in the Bank's interest in subsidiaries that do not result in loss of control are accounted for as equity transactions. The present value of the Bank's and non-controlling interests are adjusted to reflect changes in their relative shares in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Bank.

When the Bank loses control of a subsidiary, the profit or loss resulting from the disposal is calculated in the statement of profit or loss, with the difference between (1) the total fair value of the consideration received and the fair value of any remaining shares and (2) the present value of the assets (including goodwill), less the liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in the other comprehensive income in relation to that subsidiary are accounted for as if the Bank had directly disposed of the assets or liabilities related to the subsidiary.

The fair value of the investment that is held in the previous subsidiary at the date of loss of control is considered to be the fair value upon initial recognition of subsequent accounting under IFRS (9) "Financial instruments" when the provisions of this standard apply, or the cost of initial recognition of investment in an associate or a joint venture.

The Bank has the following subsidiary as at 31 December 2021:

Name of the Company	Paid in capital	Bank's ownership	Nature of operations	Country of incorporation	Date of acquisition
	JD	%			
Ejara Finance Leasing Company	20,000,000	100	Finance leasing	Jordan	2011
United Financial Investments Company *	8,000,000	96.35	Brokerage	Jordan	2011 In phases, starting from 2002

\* The proportion of non-controlling interests is 3.65% of the capital of the United Financial Investments Company, which is an amount of JD 277,710 in equity and a loss of JD 33,406 of profit for the year.

## Consolidated Statement Of Cash Flows For The Year Ended 31 December 2021

The Bank has the following subsidiaries as at 31 December 2020:

Name of the Company	Paid in capital	Bank's ownership	Nature of operations	Country of incorporation	Date of acquisition
	JD	%			
Ejara Finance Leasing Company	20,000,000	100	Finance leasing	Jordan	2011
United Financial Investments Company*	8,000,000	95.6	Brokerage	Jordan	2011 In phases, starting from 2002
Specialized Managerial Company for Investment and Financial Consultation **	530,000	100	Management of issues and financial consultations	Jordan	2016

\* It has been reclassified to a subsidiary whose accounts will be consolidated as of the third quarter of 2021 based on the management's decision to refrain from selling it due to the lack of the appropriate opportunity at the present time.

\*\* The Company was sold to one of its subsidiaries (United Financial Investments Co. UFICO) during the third quarter of 2021.

The result of operations of the subsidiaries are consolidated in the consolidated statement of income from the date of their ownership which is the date on which the control on the subsidiaries is actually transferred to the Bank. The results of disposed operations of subsidiaries are consolidated in the consolidated statement of income up to the disposal date, which is the date on which the Bank loses control over the subsidiaries.

The financial statements of the subsidiaries are prepared for the same financial year of the Bank, using the same accounting policies used by the Bank. If the accounting policies adopted by the subsidiaries are different, the required adjustments are made on the financial statements of the subsidiaries to be consistent with the policies. If separate financial statements are prepared for the Bank as an independent entity, the investments in subsidiaries are stated at cost.

### 2.4 Segment Information

The business segment represents a group of assets and operations that jointly provide products or services subject to risks and returns that are different from those related to other business segments and that are measured according to the reports that are used by the executive managers and decision makers in the Bank.

A geographical segment is associated with the provision of products or services in a particular economic environment that is subject to risks and rewards different from those related to segments operating in other economic environments.

### 2.5 Financial Instruments

#### Initial recognition of measurement:

Financial assets and financial liabilities are recognised in the consolidated statement of financial position of the Bank when the Bank becomes a party to the contractual provisions of the instrument and loans and advances to customers are recognised if they are credited to the customers' account.

Financial assets and liabilities are measured initially at fair value, and transaction costs that are directly attributable to the acquisition or issuance of financial assets and liabilities are added to the fair value of the financial assets or financial liabilities, or deducted therefrom, as necessary, upon initial recognition. Transaction costs that are directly related to the acquisition of financial assets or financial liabilities at fair value through the consolidated statement of income are recognised directly in the consolidated statement of income.

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

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

After initial recognition, the deferred gain or loss will be released to the consolidated statement of income on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability, or upon the de-recognition of such instrument.

#### Initial recognition

All financial assets are recognised on the trade date where the purchase or sale of a financial asset is made under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and is initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value in the consolidated statement of income. Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in the statement of income.

#### Subsequent measurement

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

#### Specifically:

- Financing instruments held in the business model that aims to collect contractual cash flows, and which have contractual cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, and are subsequently measured at amortised cost;
- Financing instruments held within the business model that aim to both collect contractual cash flows and sell debt instruments, which have contractual cash flows, are SPPI on the principal amount outstanding, and are subsequently measured at fair value through other comprehensive income;
- All other financing instruments (such as debt instruments managed on fair value basis, or held for sale), and equity investments are subsequently measured at fair value through the consolidated statement of income.

#### However, the Bank can take a non-cancellable option/ determination after initial recognition of the financial asset on an asset-by-asset basis, as follows:

- The Bank can take the non-cancellable option by including subsequent changes in the fair value of the investment in equity that is not held for trading or a possible replacement recognised by the buyer within the business combination to which the IFRS (9) applies, in other comprehensive income;
- The Bank can determine in a non-cancellable manner the financing instruments that meet the criteria of amortised cost or fair value through other comprehensive income as measured by the fair value through the consolidated statement of income if it eliminates or significantly reduces mismatches in accounting (referred to as the fair value option).

### **Debt instruments at amortised cost or at fair value through other comprehensive income:**

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

The contractual terms of the asset that is classified and measured at amortised cost or at FVOCI, should give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal outstanding.

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

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

### **Business model assessment:**

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

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

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

- The policies and declared objectives of the portfolio and the application of those policies and whether the management strategy focuses on obtaining contractual revenue, maintaining a specific rate of profit, and matching the period of financial assets with the period of financial liabilities in which those assets are financed cash flows are realised through the sale of assets.
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the key management personnel;
- The risks that affect the performance of the business model (and financial assets held within that business model) and, in particular, the way in which those risks are managed.
- How managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- On initial recognition of the financial asset, the Bank determines whether the recently recognised financial assets are part of an existing business model or whether it reflects the beginning of a new business model. The Bank reassesses its business models in each reporting period to determine whether the business models have changed since the previous period.

When a debt instrument that is measured at fair value through other comprehensive income is derecognised, the cumulative gain/ loss previously recognised in other comprehensive income in equity is reclassified to the consolidated statement of income. On the other hand, as for equity investment measured at fair value through other comprehensive income, the cumulative gain/ loss previously recognised in other comprehensive income is not subsequently reclassified to the consolidated statement of income but is rather transferred directly within equity.

Debt instruments that are subsequently measured at amortised cost or at FVOCI are tested for impairment.

## Consolidated Statement Of Cash Flows For The Year Ended 31 December 2021

### Financial assets

- Assessing whether contractual cash flows are solely payments of principal and interest (SPPI):

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether contractual cash flows are only SPPI, the Bank has considered the contractual terms of the instrument. This includes assessing whether the financial assets involve a contractual period that can change the timing or amount of contractual cash flows and therefore they do not meet the conditions of SPPI. In making this assessment, the Bank considers:

- Contingent events that change the amount or timing of cash flows.
- Prepaid features and the possibility to extend.
- Terms that limit the Bank's claim to cash flows from specified assets.

### Financial assets at fair value through the statement of income:

Financial assets at fair value through the statement of income are:

- Assets of contractual cash flows, and which are not (SPPI); or / and
- Assets held within the business model other than those held to collect contractual cash flows or held for collection and sale; or
- Assets designated at fair value through the consolidated statement of income using fair value option.

These assets are measured at fair value, and any gains/ losses arising from re-measurement are recognised in the consolidated statement of income.

### Reclassification:

If the business model, under which the Bank holds financial assets, changes, the financial assets that were affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Bank's financial assets. Changes in contractual cash flows are considered within the framework of the accounting policy for the amendment and exclusion of financial assets set out below.

### Foreign exchange gains and losses

The carrying amount of financial assets recorded in foreign currency is determined and translated at the rates prevailing at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in the statement of income of profit or loss; and
- For debt instruments measured at FVOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in the statement of profit or loss. Other exchange differences are recognised in OCI in the investment's revaluation reserve;
- For financial assets measured at amortised cost through the statement of profit or loss that are not part of a designated hedging relationship, gains and losses of exchange differences are recognised in the statement of profit or loss; and
- For equity instruments measured at FVOCI, exchange differences are recognised in other comprehensive income within investments valuation reserve.

### Fair value option

A financial instrument with a fair value can be measured reliably at fair value through the statement of profit or loss (fair value option) upon initial recognition, even if the financial instruments are not acquired or incurred primarily for the purpose of selling or repurchasing. The fair value option for financial assets can be used if it substantially eliminates or reduces the inconsistency of the measurement or recognition that would otherwise have arisen from the measurement of assets or liabilities, or the recognition of related profit and loss on a different basis ("accounting mismatch"). The fair value option for financial liabilities can be chosen in the following cases:

- If the choice leads to the cancellation or substantially reduces accounting mismatch.
- If the financial liabilities are part of a portfolio managed on a fair value basis, according to a documented risk or investment management strategy; or
- If there is a derivative that is included in the host financial or non-financial contract and the derivative is not closely related to the host contract.

These tools cannot be reclassified to fair value through the statement of profit or loss while they are held or issued. Financial assets designated at fair value through the statement of profit or loss are recorded at fair value with any unrealised gains or losses arising from changes in the fair value recognised in investment income.

## 2.6 Descriptive disclosures related to the application of the IFRS (9).

### 1. Definition of the Bank's implementation of default and the mechanism of addressing it:

The Bank defines the default and the mechanism of addressing it in accordance with the instructions of the Central Bank regarding the application of IFRS 9 No.13/2018 issued on 6/6/2018. The Central Bank's instructions No. (47/2009) dated 10/12/2009 (item II/ D) include a number of indicators on a default event which must also be complied with.

- Existence of dues equal to or greater than (90) days.
- Increase in risk ratings above -7.
- Credit exposure / debt instruments that have evidence that they have become defaulted (irregular) or are expected to be defaulted soon.
- The debtor is experiencing significant financial difficulties (very weak financial data).
- The existence of clear indications that the debtor is near bankruptcy.

### Mechanism of addressing default:

The Bank will follow-up with the customer before their default, trying not to reach the stage of classification of the facilities granted to them. In case of classification, the specific provision will be made against the facilities in accordance with the instructions and standards. In addition, they will be followed-up by the Department of Follow-up & Collections before starting the legal procedures in case of failure to reach solutions or schedules according to the instructions of the Central Bank of Jordan and the supervisory authorities in the countries where the Bank operates.

### 2. A detailed explanation of the Bank's internal credit rating system and its working mechanism:

#### - Internal credit rating system for corporate customers:

The Bank has an automated internal credit rating system from Moody's supplier. The rating system includes all of the processes, controls, data collected, and the information system that support and assess the credit quality of the borrower. It is then translated to the degree of risk to customers and linked to the customer's PD. This contributes to calculating the expected credit loss.

#### Moody's system that contains following model's to calculate customers credit rating:

- Large Enterprises Rating Model.
- SME Rating Model (with financial data).
- SME Rating Model (without financial data).
- Customer Rating Model for Project Financing.
- High net worth customers Rating Model.

The grades in the system range from 1 (Exceptional: a very high quality and low risk company) to 10 (Poor: a non-performing classified company) - 7 working grades and 3 non-performing grades.

## Consolidated Statement Of Cash Flows For The Year Ended 31 December 2021

There is a clear and specific Master scale. Each credit rating is calculated by Moody's, offset by the probability of default (PD). Financial and non-financial analysis of clients is made. Moody's Financial Analysis Structure consists of four main sections:

- Operations:
- Liquidity:
- Capital structure:
- Debt service:

An override can be used to classify the customer through an approval of the Facility Management Committee for the proposed ratings.

### - Internal credit scoring system for individual customers:

Retail customers (individuals) are rated and given a rating grade based on their risk before their loans are approved. Such ratings are utilised to estimate the probability of default. This is done for housing loan products, auto finance and consumer loans.

### 3. The mechanism adopted to calculate expected credit losses (ECL) on financial instruments for each item:

The "loss realisation" test model is used using the ECL model, which requires the use of estimates and judgments to estimate the economic factors that have an effect on the impairment in accordance with the new model. This model has been applied and the impairment loss has been calculated in accordance with the following rules:

- 12- month impairment losses: The expected impairment of default is calculated within 12 months following the date of the financial statements.
- Impairment losses for the useful life of the instrument: The expected impairment on the life of the financial instrument is calculated until the maturity date of the consolidated financial statements.

The mechanism for calculating expected losses depends on the probability of default, which is calculated according to the credit risk, future economic factors and loss given default (LGD), which depends on the value of the existing collateral and the amount of the exposure at default (EAD).

In accordance with the requirements of IFRS 9, ECL measurement model is applied within the following framework (except as measured at fair value through statement of income):

- Loans and credit facilities (direct and indirect).
- Debt instruments carried at amortised cost.
- Debt instruments classified at fair value through other comprehensive income.
- Trade receivables.
- Credit exposures to banks and financial institutions [excluding current balances used to cover bank transactions such as remittances, guarantees and credits within a very short period of time (days)].

In respect of revolving facilities, ECL are calculated based on the behavioural maturity of three years.

### 4. Definition and mechanism for calculating and monitoring the probability of default (PD), exposure at default (EAD) and loss given default (LGD).

#### a- Probability of Default (PD):

This represents the risk arising from the borrower's inability or unwillingness to repay its debts in full or on time, which is normally anticipated by analysing the customer's ability to repay its debt in accordance with its financial statements. The probability of default of the customer generally relates to financial data such as insufficient cash flows to service debt, low operating income or margins, high leverage or low liquidity.

## Consolidated Statement Of Cash Flows For The Year Ended 31 December 2021

Accounting is done as follows:

### Corporate customers:

- PD is calculated by linking the credit ratings within the internal credit rating to the grade of default identified in the Master Scale and for each individual customer. The probability of default is converted from Through the Cycle (TTC) to Point In Time, after the credit rating has been calibrated and the probability of default to match the bank's default data.
- For defaulted loans (Stage 3), the probability of default is set at 100%.
- Accounts not rated internally are assumed to have a rating grade of 5 with the Bank and -5 with Ejara Company.
- The probability of default was calculated for the Jordanian government based on its external credit rating.

### Retail customers:

Their PD is calculated based on Behavioural Scoring and based on logistic regression for each customer.

For debt instruments and money market, Moody's external credit rating was adopted. If the debt instrument of an unrated company is treated as unrated companies. As for the unrated banks, the credit rating of the country to which the bank belongs is adopted and adjusted to suit the financial solidity of the Bank.

### b- Losses Given Default:

This represents the ratio of assets that are expected to be lost if the customer defaults. This ratio is defined at the level of the facility rather than at the customer level. It is affected by various factors such as the availability of collateral, type of guarantee, priority of payment, the duration and quality of the loan. The accounting is done as follows:

### Corporate customers and debt instruments:

- An LGD accounting system is used based on a number of determinants, including the customer's credit rating, economic sector, type and value of collateral and coverage ratio. These are calculated based on historical information.
- Haircut rates have been made for guarantees greater than those specified by the instructions of the Central Bank of Jordan.
- Setting floor limits for LGD ranging from 0% to 10%.
- Defaulted facilities (Stage 3) - The proportion of LGD has been identified for the unsecured portion with guarantees of 100%.
- The ratio of LGD to the Jordanian government was set at 0%.

### Retail customers:

A model was developed for the accounting (Logistic regression model) using the variables used in the accounting of the Probability of Default model.

### c- Exposure at Default (EAD)

The amount at risk is defined as the amount of the indebtedness in which the Bank is exposed to the probability of default in the case of a customer default as following:

- The current balance of direct facilities and a CCF proportion of 100% for indirect facilities.
- In the case of limits, the value of the amount exposed to the default shall be divided into two parts: the utilised obligations and the unutilised obligations where the balance or ceiling is calculated, whichever is higher.
- For retail, credit is used to determine the value of the default amount using the facilities prepayment ratio of customers.

## Consolidated Statement Of Cash Flows For The Year Ended 31 December 2021

Determinants of the significant change in the credit risk on which the Bank relied in calculating expected credit losses.

Rating	Criteria
Stage 1:	<p>This includes credit exposures / debt instruments that have not received a significant increase in their credit risk since the initial recognition of the exposure / instrument or have a low credit risk at the date of preparation of the financial statements. Credit risk is considered to be low if the following conditions are met:</p> <ul style="list-style-type: none"> <li>• Low default risk.</li> <li>• The debtor has a high ability in the short term to meet commitments.</li> <li>• The Bank does not expect adverse changes in the economy in the long-term working environment adversely affecting the debtor's ability to meet its obligations (macroeconomic indicators and stress tests).</li> </ul>
Stage 2:	<ul style="list-style-type: none"> <li>• Accounts with dues more than 30 days and less than 90 days.</li> <li>• Accounts that were previously scheduled.</li> <li>• Accounts that were structured twice in a year.</li> <li>• Accounts rated by internal credit -7.</li> <li>• In case of reducing the actual or expected internal credit rating of the borrower or the credit exposure / debt instrument according to the internal rating system applied by the Bank.</li> <li>• Actual or expected significant decrease in the external credit rating of the credit exposure / debt instrument.</li> <li>• Substantial negative changes in the performance and behaviour of the borrower such as late payment of instalments or unwillingness to respond to the Bank.</li> </ul>
Stage 3:	<ul style="list-style-type: none"> <li>• This includes credit exposure / debt instruments that have evidence(s) that they have defaulted (irregular) or are expected to default soon.</li> <li>• The debtor is experiencing significant financial difficulties (very weak financial data).</li> <li>• Non-compliance with contractual conditions such as the existence of maturities equal to or greater than (90) days, and credit rating higher than -7.</li> <li>• The existence of clear indications that the debtor is near bankruptcy.</li> <li>• In addition to the above, the Central Bank Instructions No. (47/2009) dated 10/12/2009 (item II / D) includes a number of indicators demonstrating an event of default which must also be complied with.</li> </ul>

- There are clear and specific criteria for ratings in the three stages (1, 2 and 3) and the transfer among them. According to the instructions of the Central Bank of Jordan, which state that in the event of an improvement in the quality of credit and the availability of sufficient and documented reasons making it possible to transfer credit exposures from Stage 3 to Stage 2 or from Stage 2 to Stage 1, the transfer should only take place after the improvement of the credit position of the exposure and the obligation to pay at least three monthly instalments, two quarterly instalments or semi-annual instalment on time, in addition to improving the credit rating of the customer to be higher than -7 in order to be transferred to Stage 1.
- The downgrade of credit rating / debt instrument by two grades on the ten-point rating system since the date of initial recognition is evidence of a significant credit risk decline.

### 5. Key economic indicators used by the Bank in calculating expected credit loss (ECL).

The Bank uses key economic indicators in calculating expected credit loss, as follows:

- Corporate: GDP growth indicators and the financial market index
- Retail: A larger number of variables has been used, the most important of which are consumer price index, GDP, interbank rate of interest, volume of consumption, expected inflation, unemployment rate, discount rate, deposit rate and other rates.

### Governance of applying the requirements of IFRS 9, including the responsibilities of the Board of Directors and Executive Management to ensure compliance with the requirements of IFRS 9.

- The Board of Directors is responsible for establishing the Bank's acceptable risk profile and effective management of risk management.
- The Board of Directors is responsible and authorised to approve the expected credit losses in the Bank's financial statements.
- The Board of Directors of the Bank shall provide appropriate governance structure and procedures to ensure the proper application of IFRS 9 by defining the roles of the committees, departments and working units of the Bank, ensuring the integrity of the work among them and providing the appropriate infrastructure.
- The Board of Directors shall ensure that the Bank's management develops the necessary systems to provide adequate and accurate information and data in order to provide the Bank with the accurate ability to calculate and with the participation of all relevant business units in the Bank and under the supervision of the Board of Directors and its related committees.

## Consolidated Statement Of Cash Flows For The Year Ended 31 December 2021

- The Board of Directors shall ensure that the Bank's management implements high quality and reliable quality systems in terms of inputs, operating processes and results.
- The Board of Directors shall ensure that the Bank's control units, specifically risk department, internal audit department work to verify the validity and integrity of the methodologies and systems used in the application of IFRS 9 and to provide the necessary support to these supervisory units.

### Board of Directors' Audit Committee:

- The Committee monitors compliance with the expected credit loss accounting framework in accordance with IFRS 9 and ensures that internal audit carried out its duties in this regard.
- The Committee recommends to the Board of Directors the adoption of expected credit loss figures as part of the quarterly financial statements.

### Board Risk Committee:

- The Committee reviews and recommends the adoption of the credit risk assessment framework and assumptions.
- The Committee is responsible for the accounting of expected credit losses and is reviewed at the level of the Board of Directors with respect to the roles and models used for the accounting.

### Management Committee for Provisions:

- It is responsible for any exceptions to the results of the outputs of the systems, the specific procedures and the documented models of the accounting process.
- It reviews the process of staging rules and sets the necessary recommendations.
- It views the accounting of the expected credit losses and recommends the adoption.

### Risk Management:

- The Risk Management Department undertakes the necessary work to verify the validity and integrity of the methodologies and systems used in the application of IFRS 9.
- It reviews the used models and assumptions used in the accounting and recommends any required modifications to the independent model validation.
- It evaluates the credit rating systems, determinants and results.
- It is responsible for the accounting of expected credit losses.
- It reviews the transition between different stages, compares them with staging rules and reviews these limits periodically.

### Finance Department:

- Calculation of the expected credit losses (ECL)
- It analyses the various accounting results and reviews the accuracy and efficiency of the accounting process.
- It prepares detailed statements required by the Central Bank of Jordan.
- It participates with the departments concerned with reviewing the business model, through which the objectives and bases of acquisition and classification of financial instruments are determined, in order to ensure integration with other business requirements.
- It prepares accounting restrictions and reverse the results of the accounting on the main banking system.

### Internal Audit:

The Internal Audit Department undertakes the necessary work to verify the validity and integrity of the methodologies assumptions and systems used.

### Covid-19 and expected credit loss:

The existence and spread of the novel Coronavirus (COVID-19) was confirmed in early 2020, which affected the commercial and economic activities. In response, governments and central banks launched economic support measures and relief actions (deferred payment) to reduce the impact on individuals and companies.

## Consolidated Statement Of Cash Flows For The Year Ended 31 December 2021

The Group continues to assess various indicators that may indicate the borrowers' probability of default, taking into account the main reason for the financial difficulty that the borrower faces, to determine whether the cause is temporary as a result of COVID-19 or for a longer period as a result of the situation of the borrower's financial situation.

The Group has started implementing a payment deferral program for its customers engaged in highly affected sectors by deferring the interest amount and the original instalment due for a period of one month to one year. These deferrals are short-term liquidity intended to address borrowers' cash flow matters. The deferrals provided to customers may indicate to a significant increase in credit risk. However, the Group believes that the extension of the deferrals period does not automatically mean a significant increase in credit risk, which calls for transferring the borrower to the next stage for the purposes of calculating the expected credit losses. The deferred payment process aims to provide assistance to borrowers affected by the COVID-19 outbreak to resume the payments on a regular basis. At this stage, there is insufficient information available to enable the Group to make a distinction between the short-term financial difficulties associated with COVID-19 and those associated with the borrowers' significant increase in credit risk over the age of the financial instrument. This approach is consistent with the projections of the Central Bank of Jordan as indicated in its circular (No. 10/3/4375 issued on 15 March 2020) which did not consider the arrangements related to the affected sectors during this period as rescheduling or restructuring of credit facilities during the period for the purpose of assessing the significant increase in credit risk. Accordingly, these deferrals were not considered to be an amendment to the terms of the contract.

The impact of such uncertain economic conditions is discretionary, and the Group will continue to reassess its position and the impact associated with it on a regular basis. As with any economic forecast, expectations and prospects are subject to a high degree of uncertainty and consequently actual results may differ significantly from those expected.

### **Reasonableness of forward-looking and weighted probability:**

Any changes made are subject to expected credit losses, as the macroeconomic indicators and the forward-looking of these variables used in the expected credit loss calculation system (Moody's) have been updated according to the impact of the COVID-19 pandemic.

### **When studying the impact of Coronavirus, the Group took into consideration many positive factors, including:**

- Initiatives of the Central Bank of Jordan and the Jordan Loan Guarantee Corporation
- Central Bank instructions on deferral of loan instalments and interest
- Initiatives of Government and the Social Security Corporation
- Reducing interest rates
- Enhancing the Bank's liquidity by the Central Bank of Jordan (including reducing the cash reserves ratio)

### **Actions taken by the Bank to address COVID – 19 effect:**

When determining the expected credit losses for the first quarter of 2020, the group took into consideration (according to the best available information) the uncertainties about the Covid-19 epidemic and the economic support measures and relief work from the Jordanian government and the Central Bank of Jordan, and the group also took into consideration the instructions issued by the Central Bank of Jordan (No. 10/3/4375 issued on March 15, 2020), as well as other instructions related to taking some measures to confront the possible effect of the epidemic on the bank, accordingly the need for additional provision will be assessed this year.

The bank has adopted Moody's outcomes and estimates updated model, that considered COVID-19 situation in relation to the macroeconomic and forward-looking factors in calculating the expected credit loss provisions.

The impact of such uncertain economic conditions is discretionary; therefore, The Group will continue to reassess its position and the associated impact on a regular basis, and as with any economic forecast, expectations and possibilities are subject to a high degree of uncertainty and thus actual results may differ significantly from those expected. Management expects greater clarity on the impact of Covid-19 on the outcome of the group's business and the size of expected credit losses and the impact on liquidity at the end of Q4 2021.

### 2.7 Impairment

The Bank recognises loss allowances for expected limit loss on the following financial instruments that are not measured at fair value through the statement of profit or loss:

- Balances and deposits with banks and banking institutions.
- Direct credit facilities (loans and advances to customers).
- Financial assets at amortised cost (debt instruments securities)
- Financial assets at fair value through the statement of other comprehensive income.
- Exposures off-the statement of financial position that are subject to credit risk (issued financial guarantee contracts).

Impairment loss is not recognised in equity instruments.

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

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that can be realised within 12 months after the reporting date, referred to in Stage 1; or
- 12-month ECL, i.e. lifetime ECL that result from those possible default events over the age of the financial instrument, referred to in Stage 2 and Stage 3.”

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

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

For the limits not utilised, the expected credit loss is the difference between the present value of the difference between the contractual cash flows due to the Bank if the borrower withdraws the financing and the cash flows that the Bank expects to receive if the financing is utilised; and

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

The Bank measures ECL on an individual basis, or on the portfolio basis that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a portfolio basis.

### Credit-impaired financial assets

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

- Significant financial difficulty faced by borrower or issuer;
- Breach of contract, for example, default or delay in payment;
- The Bank grants the borrower a waiver for economic or contractual reasons related to the borrower's financial difficulty;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- The purchase of a financial asset at a significant discount that reflects the incurred credit losses."

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

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

### Purchased or originated credit-impaired' (POCI) financial assets

POCI financial assets are treated differently because the asset is credit-impaired at initial recognition. For these assets, the Bank recognises all changes in lifetime ECL since initial recognition as a loss allowance with any changes recognised in the statement of profit or loss. A favourable change for such assets creates an impairment gain.

### Definition of default

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

The Bank considers the following as an event of default:

- The borrower defaults for more than 90 days on any significant credit obligation to the Bank; or
- The borrower is unlikely to pay his credit obligations to the Bank in full.

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

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

### Significant increase in credit risk

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

The Bank will not consider that financial assets with 'low' credit risk at the reporting date did not have a significant increase in credit risk. As a result, the Bank monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

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

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

For corporate financing, forward-looking information includes the future prospects of the industries in which the Bank's counterparties operate, that can be obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as taking into consideration various internal and external sources of actual and forecast economic information. For retail financing, forward looking lending information includes the same economic forecasts as corporate lending with additional forecasts of local economic indicators, particularly for regions with a concentration to certain industries, as well as internally generated information of customer payment behaviour.

The Bank allocates its counterparties to a relevant credit risk grade depending on their quality. The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime PD by comparing

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

The PDs are considered forward-looking, and the Bank uses the same methodologies and data used to measure the expected credit loss provisions.

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

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

### Modification and de-recognition of financial assets

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

The Bank renegotiates loans with customers who face financial difficulties to increase collection and reduce the risk of default. The terms of repayment of the loan are facilitated in cases where the borrower has made all reasonable efforts to pay under the original contractual terms, and an important risk of default or default has occurred and it is expected that the borrower will be able to fulfil the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants. The bank has a waiting policy that applies to corporate and individual lending.

When a financial asset is modified, the bank assesses whether this amendment leads to de-recognition. As per the Bank's policy, the modification leads to de-recognition when it causes a significant difference in the terms.

- Qualitative factors, such as the non-existence of contractual cash flows after modification as SPPI, change in currency or change in the counterparty, or extent of change in interest rate, maturity. If this does not clearly indicate a fundamental modification, then;
- Conducting a quantitative evaluation to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows in accordance with the revised terms, and deduct both amounts based on the original effective interest.

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

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

- The remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
- The remaining PD at the reporting date based on the revised terms.

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

Where a modification does not lead to de-recognition, the Bank calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then, the Bank measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

## Consolidated Statement Of Cash Flows For The Year Ended 31 December 2021

The Bank derecognises a financial asset only when the contractual rights to the asset's cash flows expire, or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/ loss that had been recognised in OCI and accumulated in equity is recognised in the statement of profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/ loss previously recognised in OCI is not subsequently reclassified to the statement of profit or loss.

### Write-off

Financial assets are written off when there is no reasonable expectation of recovery, such as the customer not participating in a payment plan with the Bank. The Bank classifies the funds or amounts due for write-off after exhausting all possible payment methods. However, if the financing or receivable is written off, the Bank continues the enforcement activity to try to recover the outstanding receivables, which are recognised in the consolidated statement of profit or loss upon recovery.

### Loss allowances for ECL presented in the consolidated statement of financial position as follows

Loss allowances for ECL are presented in the consolidated statement of financial position as follows:

- For financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- For debt instruments measured at FVTOCI: no loss allowance is recognised in the consolidated statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the investment's revaluation reserve;
- Loan commitments and financial guarantee contracts: as a provision; and
- Where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component, the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.
- Financial liabilities and equity

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

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

### 2.8 Loans and Advances

The «loans and advances» included in the statement of financial position comprise the following:

- Loans and advances measured at amortised cost; initially measured at fair value plus incremental direct transaction costs, and subsequently measured at amortised cost using the effective interest method;
- Loans and advances, which are measured at FVTPL or designated as at FVTPL; are measured at fair value with changes recognised immediately in profit or loss; and
- Lease payables.
- Interest and commissions are suspended on non-performing credit facilities granted to clients in accordance with the instructions of the Central Bank of Jordan.
- Credit facilities and their suspended interest covered by provisions are transferred entirely off the consolidated statement of financial position, in accordance with the decisions of the Board of Directors in this regard.

When the Group purchases a financial asset and concludes an agreement simultaneously to resell the asset (or a substantially similar asset) at a fixed price at a later date (repurchase or borrowing shares), the consideration paid is calculated as a loan or advance, and the asset is not recognised in the Group's financial statements.

### Equity instruments

#### Share capital

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

#### Treasury shares

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

#### Financial liabilities

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

Financial liabilities at fair value through the statement of profit or loss

Financial liabilities are classified at fair value through the statement of profit or loss when financial liabilities (1) are held for trading or (2) are classified at fair value through the statement of profit or loss. A financial liability is classified as held for trading if:

- It is incurred principally for the purpose of repurchasing in the near term;
- Upon initial recognition it is part of a portfolio of identified financial instruments that the Bank manages and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.
- A financial liability other than a financial liability held for the purpose of trading or the potential consideration that a buyer may pay as part of a business combination at fair value is determined through the statement of profit or loss upon initial recognition if:
- This designation substantially eliminates or reduces the inconsistency of the measurement or recognition that may otherwise arise;
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Bank's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- If the financial obligation forms part of a contract that contains one derivative or more. IFRS 9 allows a fully hybrid contract (composite) to be determined at fair value through the statement of profit or loss.

Financial liabilities at fair value through the statement of profit or loss are stated at fair value. Any gains or losses arising on remeasurement are recognised in the statement of profit or loss to the extent that they are not part of a designated hedging relationship. The net gain/ loss recognised in the statement of profit or loss includes any interest paid on the financial liabilities and is incorporated in the item «net profit or loss from other financial instruments» at fair value through the statement of profit or loss.

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However, in respect of non-derivative financial liabilities classified at fair value through the statement of profit or loss, the amount of the change in the fair value of the financial liabilities that resulted from changes in the credit risk of those liabilities is recognised in other comprehensive income, unless recognition of the effects of changes in the credit risk of liabilities in other comprehensive income would create or increase accounting mismatch in the consolidated statement of profit or loss. The remaining amount of changes in the fair value of the liability is recognised in the consolidated statement of profit or loss, and changes in the fair value attributable to the credit risk of financial liabilities recognised in other comprehensive income are not reclassified subsequently to the statement of profit or loss. Instead, it is transferred to retained earnings upon de-recognition of the financial liability.

With regard to liabilities for issued loans and financial guarantee contracts classified as fair value through the statement of profit or loss, all gains and losses are recognised in the consolidated statement of profit or loss.

When determining whether recognition of changes in the credit risk of liabilities in other comprehensive income will create or increase the accounting mismatch in the consolidated statement of profit or loss, the Bank assesses whether it expects to offset the effects of changes in the credit risk of the liabilities in the consolidated statement of profit or loss with a change in the fair value of another financial instrument that has been measured at fair value through the consolidated statement of profit or loss.

### Other financial liabilities

The effective interest method is a method for calculating the amortised cost of a financial liability and allocating interest expenses over the relevant period. An effective interest rate is the rate that exactly discounts estimated future cash payments during the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount at initial recognition to obtain details on the effective interest rate.

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

### De-recognition of financial liabilities

The Bank derecognises financial liabilities when, and only when, the Bank's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in consolidated statement of profit or loss.

The exchange between the Bank and its existing lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Likely, the Bank treats the significant modification of the outstanding obligation conditions or part thereof as extinguishment of the original financial liabilities and the recognition of new liabilities. The terms are assumed to be substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

### Derivative financial instruments

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

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value at the date of each statement of financial position. The resulting profits/ losses are recognised in the statement of profit or loss immediately unless the derivative is identified and are effective as a hedging instrument, in which case the timing of recognition in the statement of profit or loss depends on the nature of the hedge relationship. The Bank identifies certain derivatives as either fair value hedges for recognised assets and liabilities, or for the company's obligations (fair value hedges), potential forecasting hedges, foreign currency risk hedges for fixed obligations (cash flow hedges) or net investments in foreign operations (net investment hedges).

## Consolidated Statement Of Cash Flows For The Year Ended 31 December 2021

Derivatives with positive fair value are recognised as a financial asset, while derivatives with negative fair value are recognised as financial liabilities. Derivatives are presented as non-current assets or non-current liabilities if the residual maturity of the instrument is more than (12) months and is not expected to be realised or settled within (12) months. Other derivatives are presented as current assets or current liabilities.

### Embedded derivatives

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

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

### Financial guarantee contracts

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

Financial guarantee contracts issued by the Bank's entity are initially measured at their fair value, and if they are not determined at fair value through the statement of profit or loss that does not result from the transfer of a financial asset, they are subsequently measured:

- The amount of the loss allowance determined in accordance with IFRS (9); and
- The amount initially recognised, less, where appropriate, the amount of accumulated profit or loss recognised in accordance with the Bank's revenue collection policies, whichever is greater.

Financial guarantee contracts that are not designated at fair value through the statement of profit or loss are presented as provisions in the consolidated statement of financial position and remeasurement is presented in other income.

The Bank did not specify any financial guarantee contracts at fair value through the statement of profit or loss.

### Commitments to provide a loan at an interest rate lower than the market price.

Commitments to provide a loan at an interest rate lower than the market price are measured initially at their fair value, and if they are not determined at fair value through the consolidated statement of profit or loss, they are subsequently measured:

- The amount of the loss allowance determined in accordance with IFRS (9); and
- The amount initially recognised, less, where appropriate, the amount of accumulated profit or loss recognised in accordance with the Bank's revenue collection policies, whichever is greater.

Commitments to provide a loan at an interest rate lower than the market price, which are not designated at fair value through the consolidated statement of profit or loss are presented as provisions in the consolidated statement of financial position, and remeasurement is presented in other income.

The bank did not designate any commitments to provide a loan at an interest rate lower than the market price, which are designated at fair value through the consolidated statement of profit or loss.

### Financial derivatives

#### Financial derivatives for trading

The fair value of derivatives of financial instruments held for trading purposes (such as foreign exchange forward contracts, future interest contracts, swaps contracts, foreign exchange rate options rights) is recognised in the consolidated statement of financial position and the fair value is determined according to the prevailing market rates, In the event that market rates are not available, the valuation method is mentioned. The amount of changes in the fair value is recorded in the consolidated statement of profit or loss.

#### Hedge accounting

The Bank identifies certain derivatives as hedging instruments with respect to foreign currency risk and interest rate risk in fair value hedges, cash flow hedges or net investment hedges in foreign operations, as appropriate. Foreign exchange risk hedges on the Bank's commitments are also accounted for as cash flow hedges. The Bank does not apply fair value hedge accounting to hedges of interest rate risk portfolio. In addition, the Bank does not use the hedge accounting rules as per IAS (39), i.e. the Bank applies the hedge accounting rules as per IFRS (9).

- At the beginning of the hedge relationship, the Bank documents the relationship between the hedging instrument and the hedged item, as well as the risk management objectives and strategy for undertaking various hedging transactions. Furthermore, at the commencement of the hedging and on a continuous basis, the Bank documents whether the hedging instrument is effective in offsetting changes in the fair value or cash flows of the hedged item that can be attributed to the hedged risk, and for which all hedging relationships meet the following hedging effectiveness requirements: There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from this economic relationship; and
- The hedge ratio for the hedge relationship is the same as that results from the amount of the hedged item to which the Bank actually hedges and the amount of the hedging instrument that the Bank actually uses to hedge that amount of the hedged item.

The Bank rebalances the hedging relationship in order to comply with the requirements of the hedging rate when necessary. In such cases, the suspension may apply to only part of the hedging relationship. For example, the hedging ratio may be adjusted in such a way that part of the hedged item is not part of the hedging relationship, and therefore the hedge accounting is suspended only for the size of the hedging item that is no longer part of the hedging relationship. The Bank rebalances the hedging relationship in order to comply with the requirements of the hedging rate when necessary. In such cases, the suspension may apply to only part of the hedge relationship. For example, the hedging ratio may be adjusted in such a way that part of the hedged item is not part of the hedging relationship, and therefore the hedging accounting is suspended only for the size of the hedging item that is no longer part of the hedging relationship.

If the hedging relationship ceases to meet the hedging effectiveness requirements related to the hedging ratio but the risk management objective of this hedging relationship remains the same, the Group adjusts the hedging ratio for the hedging relationship (such as the hedging rebalance) so that the qualification criteria are combined again.

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

The hedged items determined by the Bank are hedging items related to the time period, which means that the original time value of the option related to the hedged item of equity is amortised to the statement of profit or loss on a rational basis (for example, according to the straight-line method) over the period of hedging relationship.

In some hedging relationships, the Bank does not determine the forward component of a forward contract or the difference on a currency basis for the hedging instrument across the currencies. In this case, a similar treatment applies to the time value of the options. It is optional to treat the forward component of the forward contract and the difference on a currency basis, and the option is applied on a hedging basis separately, other than treating the time value of options that are mandatory. With regard to hedging relationships and forward derivatives or foreign currencies such as interest rate swaps across currencies, when the forward component or the difference on the currency basis is excluded from classification, the Bank generally recognises the excluded item in other comprehensive income.

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

## Consolidated Statement of Cash Flows For The Year Ended 31 December 2021

### Fair value hedges

The change in the fair value of the qualified hedging instrument is recognised in the consolidated statement of profit or loss except when the hedging instrument hedges the equity instrument designated at fair value through other comprehensive income, in which case it is recognised in other comprehensive income. The Bank has not specified fair value hedging relationships when the hedging instrument hedges the equity instrument designated at fair value through other comprehensive income.

The carrying amount of the hedged item that was not measured at fair value is adjusted for the change in the fair value, which can be attributed to the hedged risk and a corresponding recognition in the statement of profit or loss. For debt instruments that are measured at fair value through other comprehensive income, the carrying amount is not adjusted as it is at fair value, but the profit or loss portion of the fair value on the hedged item associated with the risk hedged is included in the statement of profit or loss instead of the other comprehensive income. When the hedged item has a fair value equity instrument determined through other comprehensive income, the hedging gains/ losses remain in the other comprehensive income to match the hedging instrument.

The Bank does not suspend hedging accounting except when the hedging relationship (or part of it) ceases to meet the qualifying criteria (after rebalancing, if any). This includes cases where the hedging instrument expires, is sold, terminated, or exercised, and exclusion is stated for the future effect. Amortisation is accounted for the fair value adjustment to the book value of the hedged items for which the effective interest method is used (i.e. tools we have measured at amortised cost or at fair value through other comprehensive income) that results from the hedged risk in the statement of profit or loss as of a date not later than the date of suspension of hedge accounting.

### Cash flow hedges

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

Amounts previously recognised in other comprehensive income and the accumulation of shareholders' equity in the statement of profit or loss in the periods in which the hedging item affects profit or loss are reclassified in the same line of the hedged recognised item. If the Bank no longer expects the transaction to occur, then this amount is immediately reclassified to the statement of profit or loss.

The Bank does not suspend hedging accounting except when the hedging relationship (or part of it) ceases to meet the qualifying criteria (after rebalancing, if any). This includes cases where the hedging instrument expires, is sold, terminated, or exercised, or when the occurrence of a specific hedging transaction is not considered to be highly probable. Suspension is calculated with a future effect. Any gains/ losses recognised in other comprehensive income and accumulated in equity at that time remain in equity and recognised when the expected transaction is finally recorded in profit or loss. When the occurrence of a forecast transaction becomes unpredictable, the accumulated profits/ losses in shareholders' equity is reclassified and recognised directly in the statement of profit or loss.

### Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gains/ losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income and accumulated in the reserve of foreign exchange.

The profits and losses resulting from the hedging instrument related to the effective portion of the hedging accumulated in the foreign currency translation reserve are reclassified into profits or losses in the same way as the foreign exchange differences of the foreign operation as described above.

### Offsetting

Financial assets and liabilities are offset, and net amounts are reported in the consolidated statement of financial position, only when legally enforceable rights are established and when such amounts are settled on a net basis, and when assets and liabilities are settled simultaneously.

### 2.9 Accounts managed for the interest of clients

Accounts managed by the Bank on behalf of clients are not considered as assets of the Bank. Fees and commissions for managing these accounts are shown in the statement of profit or loss. A provision is made against the decrease in the value of the capital-guaranteed portfolios, which are managed for the interest of clients.

### 2.10 Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Bank takes into account, when pricing the asset or liability, if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value such as value as used in IAS (36). In addition, for the purposes of preparing financial reports, fair value measurements are categorised to level (1), (2) or (3) based on the clarity of the inputs in relation to the fair value measurements and the importance of the inputs in relation to the full fair value measurements, and they are defined as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs for the asset or liability that are not based on observable market data.

### 2.11 Assets seized by the Bank against debts

Assets seized by the Bank are recognised in the consolidated statement of financial position within the «other assets» item at the lower of the value seized by the Bank and the fair value, whichever is lesser and are revaluated at the consolidated financial statements date at fair value separately. Any impairment is recorded as a loss in the consolidated statement of profit or loss and any appreciation in value is not recognised as income. Subsequent increase is included in the consolidated statement of profit or loss to the extent that impairment value does not exceed the previously recorded value.

As of the beginning of 2015, a gradual provision was made for real estate acquired for more than 4 years against debts according to the Circular of the Central Bank of Jordan No. 4076/1/15 dated 27 March 2014 and No. 2510/1/10 dated 14 February 2017. Noting that the Central Bank of Jordan issued Circular No. 13967/1/10 dated 25 October 2018, in which the Circular No. 16607/1/10 dated 17 December 2017 was approved for extension. The Central Bank of Jordan also confirmed postponing the calculation of the provision until the end of the year 2019. According to the Central Bank's Circular No. 16239/1/10 dated 21 November 2019, deduction of the required provisions against real estate acquired is made at the rate of (5%) of the total book values of these properties (regardless of the period of violation) as of the year 2021, so that the required percentage of (50%) of these properties are reached by the end of the year 2029.

### 2.12 Property and equipment

Property and equipment are stated at cost, less the accumulated depreciation and any impairment. Property and equipment (excluding lands) are depreciated when they are ready for use through straight-line method over their expected useful lives using the following annual percentages:

	%
Buildings	3
Equipment, devices and furniture	9 -15
Transport	15
Computers	20
Building Improvements	20

The value of an item of property and equipment is written down to its recoverable amount if its net carrying amount is greater than its recoverable amount. Impairment is recognised in the consolidated statement of income.

The useful lives of property and equipment are reviewed at the end of each year, and if the expectations of the useful lives differ from the estimates made previously, then the change in the estimate for subsequent years is recognised as a change in the estimates.

The property and equipment are derecognised at the disposal or when there are no expected future benefits from their use or disposal.

### 2.13 Intangible assets

Intangible assets that are acquired through the merger are stated at fair value at the date of acquisition. The intangible assets that are obtained by a method other than the merger are stated at cost.

Intangible assets are classified on the basis of their estimated lifetime for a definite or indefinite period. Intangible assets that have a definite lifetime are amortised during this lifetime and are recognised in the consolidated statement of income. For intangible assets that have an indefinite lifetime, their impairment is reviewed at the date of the consolidated financial statements and any impairment is recognised in the consolidated statement of income.

Intangible assets resulting from the Bank's business are not capitalised and are recognised in the consolidated statement of income in the same period.

Any indications of impairment in the value of intangible assets statements the consolidated financial statements date are reviewed. Furthermore, the estimated useful life of those assets are reviewed, and any adjustment is made in the subsequent periods.

Computer systems and software are amortised over their estimated useful lives using the straight-line method, at a rate of 20-33% annually.

### 2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash balances that mature within three months. They include cash and balances with banks and financial institutions, less deposits with banks and banking institutions that mature within three months, as well as restricted balances.

### 2.15 Net non-current assets held for sale

Non-current assets are classified as held for sale if the recovery of restricted amounts will be mainly made through a sale rather than through continuing operations. The asset should be ready for sale in its current condition, and the sale order should be highly probable. In addition, the management should have a commitment to the sale plan, so that the sale is eligible to be recognised as a completed sale within one year from the date of this classification.

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

Non-current assets classified as held for sale are measured at book value or fair value less costs to sell, whichever is lower. The results of that company's business are also shown in a separate line in the consolidated statement of income as net profit from discontinued operations.

### 2.16 Pledged financial assets

These are the financial assets pledged in favour of other parties, with the other party having the right to dispose of it (by selling or re-pledging). These assets continue to be evaluated according to the accounting policies used to evaluate each asset according to its original classification.

### 2.17 Foreign currencies

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

Foreign currency exchange differences on transactions made in order to hedge foreign currency risk.

Foreign currency exchange differences on monetary items required to/ from a foreign operation that are not planned or unlikely to be settled in the near future (and therefore these differences are part of the net investment in the foreign operation), which is recognised initially in the calculation of other consolidated comprehensive income, and are reclassified from equity to the statement of profit or loss upon sale or partial disposal of net investment.

For the purpose of the presentation of the consolidated financial statements, assets and liabilities of foreign operations of the Bank are transferred according to the exchange rates prevailing at the date of the statement of financial position. Revenue is also transferred according to the average exchange rates for the period, unless exchange rates change significantly during that period, in which case exchange rates are used on the date of transactions. Emerging differences, if any, are recognised in the consolidated statement of comprehensive income and grouped into a separate component of equity.

### 2.18 Provision for employees' end of service indemnity

A provision is made to meet the statutory and contractual obligations of employees for the end of service or for the accumulated service period of employees at the date of the consolidated statement of financial position in accordance with the internal regulations of the Bank.

Annual compensations paid to employees who leave the service are paid from the provision. A provision for the Bank's obligations for employees' end of service is stated in the consolidated statement of income or comprehensive income in accordance with the provisions of IAS 19 relating to employees' benefits.

### 2.19 Provisions

Provisions are recognised when the Bank has obligations at the date of the consolidated statement of financial position arising from past events and obligations can be paid and measured reliably.

### 2.20 Income tax

Tax expenses represent amounts of tax payable and deferred tax.

Payable tax expenses are calculated based on taxable profits. Taxable profits are different from profits disclosed in the consolidated financial statements, as disclosed profits include revenue that is not subject to tax, expenses that are not recognizable in the financial year but in subsequent years or accumulated losses that are accepted in terms of tax, or items that are not taxable or recognisable for tax purposes.

Taxes are calculated as per the tax rates established by the laws, regulations and instructions applicable in the countries where the Bank operates.

Deferred tax is the tax expected to be paid or recovered as a result of temporary timing differences between the value of assets or liabilities in the consolidated financial statements and the value based on which taxable profit is calculated. Deferred tax is calculated using the liability method in the consolidated statement of financial position, and deferred tax is accounted for in accordance with tax rates expected to be applied to settle the tax liability or realise deferred tax assets.

Deferred tax assets and liabilities are reviewed at the date of the consolidated financial statements and written down when it is not probable to utilise tax assets partially or fully.

### 2.21 Net interest income

Interest income and expense for all financial instruments with the exception of those classified as held for trading or measured or those determined at fair value through the consolidated statement of profit or loss in «net interest income» as «interest income» and «interest expenses» are recognised in the consolidated statement of profit or loss using the effective interest method. Interest on financial instruments measured at fair value through the consolidated statement of profit or loss also included in the fair value movement during the period.

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

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

Interest income and expense in the Bank's consolidated statement of profit or loss also includes the effective portion of fair value changes for derivatives that are designated as hedging instruments in the cash flow hedges of interest rate risk. As for the fair value hedges of interest rate risk on interest expense and income, the effective portion of fair value changes for specific derivatives are also included, and fair value changes to the specific risks of the hedged item are also included in interest income and expense. Interest expenses also include the value of the interest against the lease obligations.

### 2.22 Net commission income

Commissions' net income and expense include fees other than those that are an integral part of EIR. The commissions included in this part of the Bank's consolidated statement of profit or loss also include commissions charged for the loan service, non-use commissions related to loan obligations when this is unlikely to result in a specific arrangement for lending and commissions of co-financing loans.

Commission's expenses with regard to services are accounted for upon receipt of services.

### 2.23 Net trading income

Net trading income includes all profit or loss from changes in the fair value of financial assets and financial liabilities held for trading. The Bank elected to present the movement of the full fair value of trading assets and liabilities within the trading income, including any relevant revenues, expenses and share dividends.

### 2.24 Net income of other financial instruments at fair value through the statement of profit or loss

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

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

### 2.25 Dividends income

Dividends income is recognised when the right to receive payment is established, being the date preceding the dividends of listed shares, and usually the date on which the shareholders agree to dividends of unlisted shares.

Dividends distribution in the consolidated statement of profit or loss on the classification and measurement of the shares, i.e.:

- With regard to equity instruments held for trading, dividend income is included in the statement of profit or loss under the item of profit (loss) of financial assets at fair value through the statement of profit or loss;
- In the case of equity instruments classified as fair value through other comprehensive income, dividends are included in the statement of profit or loss as dividend from financial assets at fair value through other comprehensive income; and
- For equity instruments not designated at FVTOCI and not held for trading, dividend income is included as net income from financial instruments at fair value through the statement of profit or loss.

### 2.26 Impairment of non-financial assets

- The carrying value of the Group's non-financial assets is reviewed at the end of each fiscal year except for the deferred tax assets, to determine whether there is an indication of impairment. In the event of an indication of impairment, the amount recoverable from these assets will be estimated.
- If the carrying amount of the assets exceeds the recoverable amount from those assets, the impairment loss is recorded in those assets.
- The recoverable amount is the higher of an asset's fair value -less costs to sale - and the value in use.
- All impairment losses are taken to the consolidated statement of profit or loss and other comprehensive income.
- The impairment loss for goodwill is not reversed. For other assets, the impairment loss is reversed only if the carrying amount of the asset does not exceed the carrying amount that was determined after deduction of depreciation or amortisation if the impairment loss is not recognised.

### 2.27 Foreign currencies

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

- Foreign currency exchange differences on transactions made in order to hedge foreign currency risk.
- Foreign currency exchange differences on monetary items required to/ from a foreign operation that are not planned or unlikely to be settled in the near future (and therefore these differences are part of the net investment in the foreign operation), which is recognised initially in the calculation of other consolidated comprehensive income, and are reclassified from equity to the statement of profit or loss upon sale or partial disposal of net investment.

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For the purpose of the presentation of the consolidated financial statements, assets and liabilities of foreign operations of the Bank are transferred according to the exchange rates prevailing at the date of the statement of financial position. Revenue is also transferred according to the average exchange rates for the period, unless exchange rates change significantly during that period, in which case exchange rates are used on the date of transactions. Emerging differences, if any, are recognised in the consolidated statement of comprehensive income and grouped into a separate component of equity.

When excluding foreign operations (i.e. eliminating the Bank's entire share in foreign operations, or that resulting from the loss of control of a subsidiary within foreign operations or partial disposal of its share in a joint arrangement or an associate of a foreign nature in which the held share becomes a financial asset), all foreign currency exchange differences accumulated in the separate item that represent the equity of that operation attributable to the owners of the bank, are reclassified to the consolidated statement of profit or loss.

In addition, with regard to partial disposal of a subsidiary that includes foreign operations and does not result in the Bank losing control of the subsidiary, its share of the accumulated exchange differences is reversed to net comprehensive income at a rate that is excluded and is not recognised in the consolidated statement of profit or loss. As for all other partial liquidations (such as partial liquidation of associates or joint ventures that do not result in the Bank losing significant influence or joint control), the share of accumulated exchange differences is reclassified to the consolidated statement of profit or loss.

### 2.28 Leases

The Bank has implemented IFRS (16) "Leases" that have replaced existing guidance on lease contracts, including IAS (17) "Leases" and IFRIC (4) "Determining whether an arrangement contains a lease", SIC (15) "Operating lease -incentives" and SIC (27) "Evaluating the substance of transactions involving the legal form of a lease".

#### The Bank as a lessee

On the date of signing the contract, or on the date of the revaluation of the contract that contains the lease elements, the Bank distributes the entire contract value to the contract components in a proportional manner consistent with the value. It is to be noted that the Bank has decided for leases that include land and building to treat the components of the contract as one item.

#### Short-term leases and leases for low-value assets:

The Bank chose not to recognise the right of use assets and lease obligations for short-term leases for items with a 12-month lease term or less and the low-value leases. The Bank recognises the lease payments associated with these contracts as operating expenses on a straight-line basis over the lease term.

#### The Bank as a lessor

- When the Bank is lessor, at the start of the lease, it determines whether each lease is a finance lease or an operating lease.
- To classify each lease, the Bank performs a comprehensive evaluation to demonstrate whether the lease largely transfers all risks and benefits associated with ownership of this asset. If this is the case, the lease is a finance lease; if not, it is an operating lease. As part of this assessment, the Bank takes into account certain indicators such as whether the lease is the greater part of the economic life of the asset.

The Bank applies the requirements of de-recognition and impairment in IFRS 9 for net investment in the lease. The Bank performs a periodic review of the expected non-guaranteed residual value that was used to calculate the total investment amount in the lease.

### 2.29 Earnings per share

Basic and diluted earnings per share are calculated for ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the company's shareholders by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by adjusting the profit or loss for the year, which is attributable to the company's shareholders and the weighted average of ordinary shares, so that it shows the effect on the share's profit on all the ordinary shares traded during the year and its return is likely to decrease.

### (3) Use of estimates

The preparation of the consolidated financial statements and the application of accounting policies require the Bank's management to make estimates and judgements that affect the amounts of assets and liabilities and disclosure of contingent liabilities. These estimates and judgements affect the revenues, expenses, provisions and reserve of valuation of financial assets at fair value. In particular, it requires the Bank's management to issue critical judgements to estimate the amounts of future cash flows and their timing. The mentioned estimates are necessarily based on multiple assumptions and factors involving varying degrees of judgment and uncertainty and that actual results may differ from the estimates as a result of changes resulting from the conditions and circumstances of those estimates in the future. Judgements, estimates and assumptions are reviewed on an ongoing basis. The impact of change in estimates is recognised in the reporting period in which this change occurs if the revision affects only that period and the effect of the change in estimates is recognised in the reporting period in which this change occurs and in future reporting periods if the revision affects both current and future periods.

The Bank's management believes that the estimates included in the consolidated financial statements are reasonable and are detailed as follows:

#### - Impairment of seized assets

Impairment of seized assets is recognised based on most recent property valuation approved by accredited valuers for the purposes of calculating the impairment. The impairment provisions for seized assets is reviewed periodically.

#### - Expected credit loss provisions

The Bank's management is required to use significant judgments and estimates to estimate future cash flows amounts and timings and estimate the risks of a significant increase in credit risk for financial assets after initial recognition and future measurement information for expected credit losses. The most significant policies and estimates used by the Bank's management are detailed in Note (3).

#### - Leases

Determination of lease term: In determining the lease term, the management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The extension options (or periods after the termination options) are included only in the term of the lease if the lease is reasonably certain to be extended (or not terminated). The evaluation is reviewed in the event of a significant event or significant change in the circumstances that affect this evaluation and that are under the control of the lessee. Extension and termination of leases options: these are included in a number of leases. These conditions are used to increase operational flexibility in terms of contract management. Most of the extension and termination options held are renewable by both the Bank and the lessor.

Discounting of lease payments: Lease payments are discounted using the Bank's incremental borrowing rate («IBR»). Management applied judgements and estimates to determine the incremental borrowing rate at the start of the lease.

#### - Useful lives of tangible assets and intangible assets

Management reassessed the useful lives of tangible assets and intangible assets periodically for the purpose of calculating annual depreciation and amortisation based on the overall condition of those assets and estimates of expected useful lives in the future useful lives. Impairment loss is taken to the consolidated statement of profit or loss for the year.

#### - Assets and liabilities that are stated at cost

Management reviews, on a regular basis, the assets and liabilities that are stated at cost to estimate impairments, if any. Impairment losses are recognised in the consolidated statement of profit or loss for the year.

## Consolidated Statement Of Cash Flows For The Year Ended 31 December 2021

### - Income tax

The financial year is charged with its own income tax expense in accordance with the laws and regulations, and accounting standards. Deferred tax assets and liabilities and required tax provision are accounted for.

### - Provision for legal cases

A provision is made for any potential legal obligations based on the legal study prepared by the Bank's legal advisor that identifies the potential risks that may occur in the future. Such study is reviewed periodically.

## (4) Cash and balances with Central Banks

	2021	2020
	JD	JD
Cash on hand	61,795,532	64,496,865
<b>Balances with central banks:</b>		
Current and demand accounts	11,615,697	23,219,692
Term, notice deposits and certificate of deposits	173,036,213	202,208,130
Restricted cash reserve	70,757,703	71,944,918
Gross balances with central banks	255,409,613	297,372,740
Less: Expected credit loss provision for balances with central banks	-	-
Net balances with central banks	255,409,613	297,372,740
<b>Total</b>	<b>317,205,145</b>	<b>361,869,605</b>

- Excluding restricted cash reserve, there are no restricted balances as at 31 December 2021 and 2020.
- There are no balances that matures in a period of more than 3 months as at 31 December 2021 and 2020.
- Expected credit losses are not calculated on balances with central banks according to the instructions of the Central Bank of Jordan relating to the application of the IFRS (9).
- The following is the distribution of total balances with central banks according to the Bank's internal classification categories as at 31 December 2021 and 2020:

Credit rating categories based on the Bank's internal regulations	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
<b>31 December 2021</b>				
From (1) to (5)	-	-	-	-
From (6) to (7)	-	-	-	-
From (8) to (10)	2,493,743	-	-	2,493,743
Unrated	252,915,870	-	-	252,915,870
<b>Total</b>	<b>255,409,613</b>	<b>-</b>	<b>-</b>	<b>255,409,613</b>
<b>31 December 2020</b>				
From (1) to (5)	-	-	-	-
From (6) to (7)	-	-	-	-
From (8) to (10)	1,881,749	-	-	1,881,749
Unrated	295,490,991	-	-	295,490,991
<b>Total</b>	<b>297,372,740</b>	<b>-</b>	<b>-</b>	<b>297,372,740</b>

## Consolidated Statement Of Cash Flows For The Year Ended 31 December 2021

- The following is the movement on balances with central banks during the years ended 31 December 2021 and 2020:

Description	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
<b>31 December 2021</b>				
<b>Balance at the beginning of the year</b>	<b>297,372,740</b>	-	-	<b>297,372,740</b>
New balances during the year	611,994	-	-	611,994
Balances paid during the year	(42,575,121)	-	-	(42,575,121)
Transferred to Stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Write offs	-	-	-	-
<b>Balance at the end of the year</b>	<b>255,409,613</b>	-	-	<b>255,409,613</b>
<b>31 December 2020</b>				
<b>Balance at the beginning of the year</b>	<b>351,555,800</b>	-	-	<b>351,555,800</b>
New balances during the year	24,316,940	-	-	24,316,940
Balances paid during the year	(78,500,000)	-	-	(78,500,000)
Transferred to Stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Write offs	-	-	-	-
<b>Balance at the end of the year</b>	<b>297,372,740</b>	-	-	<b>297,372,740</b>

## Consolidated Statement Of Cash Flows For The Year Ended 31 December 2021

- The following is the movement on balances with central banks during the years ended 31 December 2021 and 2020:

Description	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
<b>31 December 2021</b>				
Balance at the beginning of the year	-	-	-	-
Expected credit losses on new balances during the year	-	-	-	-
Recovered from expected credit losses on balances paid during the year	-	-	-	-
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Write offs	-	-	-	-
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>31 December 2020</b>				
<b>Balance at the beginning of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expected credit losses on new balances during the year	-	-	-	-
Recovered from expected credit losses on balances paid during the year	-	-	-	-
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Write offs	-	-	-	-
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## (5) Balances at banks and financial institutions

	Local banks and financial institutions		Foreign banks and financial institutions		Total	
	2021	2020	2021	2020	2021	2020
	JD	JD	JD	JD	JD	JD
Current and demad accounts	5,163	6,344	145,679,545	140,158,467	145,684,708	140,164,811
Deposits mature within 3 months or less	-	-	2,570,146	2,643,288	2,570,146	2,643,288
<b>Total</b>	<b>5,163</b>	<b>6,344</b>	<b>148,249,691</b>	<b>142,801,755</b>	<b>148,254,854</b>	<b>142,808,099</b>
Less: interest in suspense	-	-	(201,193)	(80,808)	(201,193)	(80,808)
Less: provision for expected credit losses for balances at banks and financial institutions	-	-	(5,915,206)	(5,968,773)	(5,915,206)	(5,968,773)
<b>Net total balances of cash at banks and financial institutions</b>	<b>5,163</b>	<b>6,344</b>	<b>142,133,292</b>	<b>136,752,174</b>	<b>142,138,455</b>	<b>136,758,518</b>

- Balances at banks and financial institutions, for which it receives no interest amounted to JD 54,445,850 as at 31 December 2021 compared to an amount of JD 53,234,983 as at 31 December 2020.

- Balances restricted for withdrawal amounted to JD 2,543,992 as at 31 December 2021 compared to an amount of JD 2,508,347 as at 31 December 2020.

## Notes to the consolidated financial statements as at 31 december 2021

- The following is the distribution of deposits at banks and financial institutions according to the Bank's internal classification categories as at 31 December 2021 and 2020:

Credit rating categories based on the Bank's internal regulations	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
<b>31 December 2021</b>				
From (1) to (5)	134,803,905	-	-	134,803,905
From (6) to (7)	108,333	-	-	108,333
From (8) to (10)	62,402	-	6,116,399	6,178,801
Unrated	7,163,815	-	-	7,163,815
<b>Total</b>	<b>142,138,455</b>	<b>-</b>	<b>6,116,399</b>	<b>148,254,854</b>
<b>31 December 2020</b>				
From (1) to (5)	131,728,110	-	-	131,728,110
From (6) to (7)	114,717	-	-	114,717
From (8) to (10)	92,952	-	6,049,581	6,142,533
Unrated	4,822,739	-	-	4,822,739
<b>Total</b>	<b>136,758,518</b>	<b>-</b>	<b>6,049,581</b>	<b>142,808,099</b>

- The following is the movement on deposits at banks and financial institutions during the year ended 31 December 2021 and 2020:

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
<b>31 December 2021</b>				
<b>Balance at the beginning of the year</b>	<b>136,758,517</b>	<b>-</b>	<b>6,049,582</b>	<b>142,808,099</b>
New balances during the year	12,246,264	-	139,787	12,386,051
Paid during the year	(6,866,326)	-	(72,970)	(6,939,296)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Write offs	-	-	-	-
<b>Balance at the end of the year</b>	<b>142,138,455</b>	<b>-</b>	<b>6,116,399</b>	<b>148,254,854</b>
<b>31 December 2020</b>				
Balance at the beginning of the year	130,187,939	3,899,500	-	134,087,439
New balances during the year	42,896,277	-	3,341,966	46,238,243
Paid during the year	(36,325,698)	-	(1,191,885)	(37,517,583)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	(3,899,500)	3,899,500	-
Changes resulting from adjustments	-	-	-	-
Write offs	-	-	-	-
<b>Balance at the end of the year</b>	<b>136,758,518</b>	<b>-</b>	<b>6,049,581</b>	<b>142,808,099</b>

## Notes to the consolidated financial statements as at 31 december 2021

- The following is the disclosure of the provision for expected credit losses on deposits with banks and banking institutions during the year ended 31 December 2021 and 2020:

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
<b>31 December 2021</b>				
<b>Balance at the beginning of the year</b>	-	-	<b>5,968,773</b>	<b>5,968,773</b>
New balances during the year	-	-	19,402	19,402
Balances paid during the year	-	-	(72,969)	(72,969)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Write offs	-	-	-	-
<b>Balance at the end of the year</b>	-	-	<b>5,915,206</b>	<b>5,915,206</b>
<b>31 December 2020</b>				
Balance at the beginning of the year	646	1,114	-	1,761
New balances during the year	-	-	5,967,659	5,967,659
Balances paid during the year	(646)	-	-	(646)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	(1,114)	1,114	-
Changes resulting from adjustments	-	-	-	-
Write offs	-	-	-	-
<b>Balance at the end of the year</b>	-	-	<b>5,968,773</b>	<b>5,968,773</b>

### (6) A loan with a repurchase option at fair value through the statement of income

On June 4 2020, the Bank signed a share repurchase agreement, in which 10 million shares were purchased from a customer who owns the majority share of a public shareholding company registered in Jordan at a price of JD 1 per share, for a total amount of JD 10 million.

The repurchase agreement states that the seller has the right/option to repurchase those shares at the initial transaction price of 1 JD within a period of two years from the date of signing the agreement.

The above transaction did not meet the derecognition criteria from the seller perspective, as the agreement includes a repurchase option with a share price, as a result the Bank accounted for the transaction as a loan at fair value through profit and loss.

The fair value of the collateral represented by shares of a public shareholding company limited was 14,000,000 JD as at 31 December 2021 compared to an amount of JD 10,700,000 as at 31 December 2020.

**(7) Direct credit facilities, net**

Description	2021	2020
	JD	JD
<b>Individuals (Retail):</b>		
Overdrafts	72,441	82,850
Loans and bills*	252,062,593	192,437,760
Credit cards	11,072,361	9,767,487
Real estate mortgage	255,897,699	221,155,759
<b>Corporates:</b>		
<b>Large</b>		
Overdrafts	130,074,162	129,600,722
Loans and bills*	872,362,056	898,280,109
SMEs		
Overdrafts	14,099,500	17,317,291
Loans and bills*	129,482,604	115,119,148
Government and public sector	177,939,198	112,438,870
<b>Total</b>	<b>1,843,062,614</b>	<b>1,696,199,997</b>
Expected credit loss provisions	126,245,225	115,101,771
Interest in suspense	29,530,577	24,585,392
Net direct credit facilities	<b>1,687,286,812</b>	<b>1,556,512,833</b>

\* Net after deducting interest and commissions received in advance amounting to JD 84,885 as 31 December 2021 compared to JD 78,089 as at 31 December 2020.

- Credit facilities within the third stage amounted to JD 147,323,386 which is equivalent to 7.99% of total direct credit facilities as at 31 December 2021, compared to JD 187,198,381, which is equivalent to 11% of the total direct credit facilities as at 31 December 2020.
- Credit facilities within the third stage less suspended interest amounted to JD 120,397,568 which is equivalent to 6.6% of total direct credit facilities as at 31 December 2021 compared to JD 162,819,622 which is equivalent to 9.7% of total direct credit facilities as at 31 December 2020.
- The credit facilities granted and guaranteed by the Jordanian government amounted to JD 123,501,389 which is equivalent to 7.7% of total direct credit facilities as at 31 December 2021, compared to JD 58,001,061 which is equivalent to 4.1% as at 31 December 2020.

## Notes to the consolidated financial statements as at 31 december 2021

- The following is the movement on the balance of direct credit facilities on gross basis during the year ended 31 Decembers 2021 and 2020:

	Stage1		Stage2		Stage3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
<b>31 December 2021</b>						
<b>Balance at the beginning of the year</b>	<b>1,363,763,744</b>	-	<b>145,237,872</b>	-	<b>187,198,381</b>	<b>1,696,199,997</b>
New facilities granted during the year	445,812,060	-	29,428,899	-	14,140,997	489,381,956
Facilities settled during the year	(275,058,045)	-	(15,555,771)	-	(30,450,270)	(321,064,086)
Transferred to stage 1	17,981,450	-	(15,618,662)	-	(2,362,788)	-
Transferred to stage 2	(29,007,831)	-	55,123,801	-	(26,115,970)	-
Transferred to stage 3	(11,484,391)	-	(14,883,898)	-	26,368,289	-
Changes resulting from adjustments	-	-	-	-	-	-
Written-off facilities (transferred off-the statement of financial position)	-	-	-	-	(21,455,253)	(21,455,253)
Currency exchange adjustments	-	-	-	-	-	-
<b>Balance at the end of the year</b>	<b>1,512,006,987</b>	-	<b>183,732,241</b>	-	<b>147,323,386</b>	<b>1,843,062,614</b>
<b>31 December 2020</b>						
<b>Balance at the beginning of the year</b>	<b>1,375,872,189</b>	-	<b>150,351,075</b>	-	<b>143,460,322</b>	<b>1,669,683,586</b>
New facilities granted during the year	222,555,961	-	10,463,376	-	7,540,001	240,559,337
Facilities settled during the year	(193,104,353)	-	(10,500,317)	-	(9,286,960)	(212,891,630)
Transferred to stage 1	15,584,490	-	(13,592,816)	-	(1,991,674)	-
Transferred to stage 2	(40,167,103)	-	44,446,517	-	(4,279,414)	-
Transferred to stage 3	(16,977,442)	-	(35,929,962)	-	52,907,404	-
Changes resulting from adjustments	-	-	-	-	-	-
Written-off facilities (transferred off-the statement of financial position)	-	-	-	-	(1,151,297)	(1,151,297)
Currency exchange adjustments	-	-	-	-	-	-
<b>Balance at the end of the year</b>	<b>1,363,763,744</b>	-	<b>145,237,872</b>	-	<b>187,198,381</b>	<b>1,696,199,997</b>

**Expected credit loss provisions – direct credit facilities**

- The following is the movement in the expected credit loss provisions - direct credit facilities during the year:

Year 2021	Individuals	Real estate mortgage	Corporates		Government and public sector	Total
			Large	SMEs		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	16,387,972	22,961,285	67,607,919	8,037,169	107,426	115,101,771
Provision added during the period	7,001,258	6,684,316	29,231,623	4,978,817	428,998	48,325,012
Provision recovered (surplus) during the period	(3,784,111)	(4,745,111)	(7,429,623)	(1,977,251)	-	(17,936,096)
Provision of debts transferred off-the statement of financial position	(512,554)	(227,520)	(17,164,329)	(1,341,059)	-	(19,245,462)
<b>Balance at the end of the year</b>	<b>19,092,565</b>	<b>24,672,970</b>	<b>72,245,590</b>	<b>9,697,676</b>	<b>536,424</b>	<b>126,245,225</b>
Total provisions - stage 1	8,774,489	1,123,340	11,907,740	359,997	536,424	22,701,990
Total provisions -stage 2	913,870	3,489,409	19,199,912	156,127	-	23,759,318
Total provisions -stage 3	9,404,206	20,060,221	41,137,938	9,181,552	-	79,783,917
<b>Total</b>	<b>19,092,565</b>	<b>24,672,970</b>	<b>72,245,590</b>	<b>9,697,676</b>	<b>536,424</b>	<b>126,245,225</b>

- The surplus includes an amount of JD 1,681,516 related to one of the subsidiaries that was reclassified during the year to be presented as assets held for sale.

Year 2020	Individuals	Real estate mortgage	Corporates		Government and public sector	Total
			Large	SMEs		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	11,838,317	15,725,946	44,445,561	4,816,981	403,242	77,230,045
Provision added during the period	7,677,227	8,796,367	25,053,263	4,048,290	-	45,575,147
Provision recovered (surplus) during the period	(2,324,962)	(1,505,864)	(1,890,905)	(727,239)	(295,815)	(6,744,787)
Provision of debts transferred off-the statement of financial position	(802,609)	(55,164)	-	(100,862)	-	(958,635)
<b>Balance at the end of the year</b>	<b>16,387,972</b>	<b>22,961,285</b>	<b>67,607,919</b>	<b>8,037,169</b>	<b>107,426</b>	<b>115,101,771</b>
Total provisions - stage 1	6,745,505	1,294,367	5,837,658	546,579	107,426	14,531,535
Total provisions -stage 2	740,634	2,903,993	5,904,996	818,895	-	10,368,519
Total provisions -stage 3	8,901,833	18,762,925	55,865,265	6,671,695	-	90,201,718
<b>Total</b>	<b>16,387,972</b>	<b>22,961,285</b>	<b>67,607,919</b>	<b>8,037,169</b>	<b>107,426</b>	<b>115,101,771</b>

- The value of provisions that were no longer needed as a result of settlements or repayment of debts and transferred against other debts amounted to 17,936,096 JD as at 31 December 2021 (6,744,787 JD as at 31 December 2020).

- The surplus includes an amount of JD 155,854 related to one of the subsidiaries that was reclassified during the year to be presented as assets held for sale.

- During the year 2021, direct credit facilities including interest in suspense were transferred off the statement of financial position at an amount of JD 21,455,252 (2020: 1,151,296), in accordance with the decision of the Board of Directors.

- The Bank adopts the policy of suspended interest for off balance sheet accounts. During the year 2021, JD 5,607,649 of interest was suspended in accordance with the Board of Directors decision compared to JD 14,283,412 during the year 2020, so that the total interest in suspense transferred off-the statement of financial position amounted to JD 42,438,132 as at 31 December 2021 compared to JD 36,830,483 as at 31 December 2020.

## Notes to the consolidated financial statements as at 31 december 2021

- The following is the movement on the expected credit loss provisions of direct credit facilities on collective basis during the year ended 31 December 2021 and 2020:

	Retail	Real estate mortgage	Companies		Government and public sector	Total
	JD	JD	Large	SMEs	JD	JD
<b>31 December 2021</b>						
Balance at the beginning of the year	16,387,972	22,961,285	67,607,919	8,037,169	107,426	115,101,771
Expected credit losses on new facilities during the year	7,001,258	6,684,316	29,231,623	4,978,817	428,998	48,325,012
Recovered from expected credit losses on facilities paid during the year	(3,784,111)	(4,745,111)	(7,429,623)	(1,977,251)	-	(17,936,096)
Transferred to stage 1	449,344	252,562	(134,398)	133,105	-	700,613
Transferred to stage 2	82,622	827,396	4,793,325	(355,152)	-	5,348,191
Transferred to stage 3	(531,966)	(1,079,958)	(4,658,927)	222,047	-	(6,048,804)
Changes resulting from adjustments	-	-	-	-	-	-
Provision of facilities transferred off-the statement of financial position	(512,554)	(227,520)	(17,164,329)	(1,341,059)	-	(19,245,462)
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
<b>Balance at the end of the year</b>	<b>19,092,565</b>	<b>24,672,970</b>	<b>72,245,590</b>	<b>9,697,676</b>	<b>536,424</b>	<b>126,245,225</b>
Re-allocation:						
Provisions on an individual basis	19,092,565	24,672,970	72,245,590	9,697,676	536,424	126,245,225
Provisions on a collective basis	-	-	-	-	-	-
<b>31 December 2020</b>						
Balance at the beginning of the year	11,838,317	15,725,946	44,445,561	4,816,981	403,242	77,230,045
Expected credit losses on new facilities during the year	7,677,227	8,796,367	25,053,263	4,048,290	-	45,575,147
Recovered from expected credit losses on facilities paid during the year	(2,324,962)	(1,505,864)	(1,890,905)	(727,239)	(295,815)	(6,744,787)
Transferred to stage 1	635,781	132,881	(189,182)	59,362	-	638,841
Transferred to stage 2	(522,526)	(28,382)	(4,101,714)	195,358	-	(4,457,265)
Transferred to stage 3	(113,255)	(104,499)	4,290,897	(254,720)	-	3,818,423
Changes resulting from adjustments	-	-	-	-	-	-
Provision of facilities transferred off-the statement of financial position	(802,609)	(55,164)	-	(100,862)	-	(958,635)
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
<b>Balance at the end of the year</b>	<b>16,387,972</b>	<b>22,961,285</b>	<b>67,607,919</b>	<b>8,037,169</b>	<b>107,426</b>	<b>115,101,771</b>
Re-allocation:						
Provisions on an individual basis	16,387,972	22,961,285	67,607,919	8,037,169	107,426	115,101,771
Provisions on a collective basis	-	-	-	-	-	-

## Notes to the consolidated financial statements as at 31 december 2021

### Interest in suspense

The following is the movement in the interest in suspense during the year:

Year 2021	Retail	Real estate mortgage	Companies		Government and public sector	Total
			Large	SMEs		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	1,478,294	7,594,260	14,088,077	1,424,761	-	24,585,392
Add: suspended interest during the year	554,809	2,245,478	4,565,544	1,702,241	-	9,068,071
Less: suspended interest transferred to revenues	(211,571)	(239,252)	(1,223,418)	(238,856)	-	(1,913,096)
Interest in suspense transferred off-the statement of financial position	(175,603)	(141,070)	(1,653,807)	(239,310)	-	(2,209,790)
<b>Balance at the end of the year</b>	<b>1,645,929</b>	<b>9,459,416</b>	<b>15,776,397</b>	<b>2,648,836</b>	<b>-</b>	<b>29,530,577</b>

Year 2020	Retail	Real estate mortgage	Companies		Government and public sector	Total
			Large	SMEs		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	1,377,074	5,330,455	10,905,373	1,063,923	-	18,676,825
Add: suspended interest during the year	578,375	2,639,920	3,615,676	612,681	-	7,446,652
Less: suspended interest transferred to revenues	(306,421)	(359,272)	(432,972)	(246,758)	-	(1,345,423)
Interest in suspense transferred off-the statement of financial position	(170,734)	(16,842)	-	(5,086)	-	(192,662)
<b>Balance at the end of the year</b>	<b>1,478,294</b>	<b>7,594,260</b>	<b>14,088,077</b>	<b>1,424,761</b>	<b>-</b>	<b>24,585,392</b>

### Retail

The following is the distribution of total retail facilities according to the Bank's internal rating categories as at 31 December 2021 and 2020:

Credit rating categories based on the Bank's internal system	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
<b>31 December 2021</b>				
From (1) to (5)	22,317,998	5,833,564	-	28,151,562
From (6) to (7)	-	-	-	-
From (8) to (10)	-	-	3,149,277	3,149,277
Unrated	218,387,004	3,625,285	9,894,267	231,906,556
<b>Total</b>	<b>240,705,002</b>	<b>9,458,849</b>	<b>13,043,544</b>	<b>263,207,395</b>
<b>31 December 2020</b>				
From (1) to (5)	14,645,900	2,279,800	-	16,925,700
From (6) to (7)	151	-	-	151
From (8) to (10)	-	-	3,541,597	3,541,597
Unrated	168,640,266	3,415,163	9,765,221	181,820,650
<b>Total</b>	<b>183,286,316</b>	<b>5,694,963</b>	<b>13,306,818</b>	<b>202,288,097</b>

## Notes to the consolidated financial statements as at 31 december 2021

- The following is the movement on retail facilities balances during the year ended 31 December 2021 and 2020.

31 December 2021	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the year	183,286,316	5,694,963	13,306,818	202,288,097
New facilities granted during the year	87,781,451	2,333,857	1,890,013	92,005,321
Facilities settled during the year	(26,479,252)	(1,226,077)	(2,692,537)	(30,397,866)
Transferred to stage 1	3,006,580	(2,504,795)	(501,785)	-
Transferred to stage 2	(5,336,067)	6,623,370	(1,287,303)	-
Transferred to stage 3	(1,554,027)	(1,462,469)	3,016,496	-
Changes resulting from adjustments	-	-	-	-
Write offs (transferred off the statement of financial position)	-	-	(688,158)	(688,158)
Amendments resulting from changes in currency exchange	-	-	-	-
<b>Balance at the end of the year</b>	<b>240,705,002</b>	<b>9,458,849</b>	<b>13,043,544</b>	<b>263,207,395</b>

31 December 2020	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the year	144,111,322	4,713,354	12,288,703	161,113,378
New facilities granted during the year	59,986,952	2,008,669	1,437,921	63,433,543
Facilities settled during the year	(18,531,026)	(816,555)	(1,937,901)	(21,285,481)
Transferred to stage 1	3,333,437	(2,574,954)	(758,482)	-
Transferred to stage 2	(3,116,993)	3,681,950	(564,957)	-
Transferred to stage 3	(2,497,376)	(1,317,501)	3,814,877	-
Changes resulting from adjustments	-	-	-	-
Write offs (transferred off the statement of financial position)	-	-	(973,343)	(973,343)
Amendments resulting from changes in currency exchange	-	-	-	-
<b>Balance at the end of the year</b>	<b>183,286,316</b>	<b>5,694,963</b>	<b>13,306,818</b>	<b>202,288,097</b>

## Notes to the consolidated financial statements as at 31 december 2021

- The following is the movement on expected credit loss provisions on retail credit facilities during the year ended 31 December 2021 and 2020:

31 December 2021	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the year	6,745,505	740,634	8,901,833	16,387,972
Expected credit losses on new facilities granted during the year	3,055,664	534,537	3,411,057	7,001,258
Recovered from expected credit losses on facilities settled during the year	(1,476,024)	(443,922)	(1,864,165)	(3,784,111)
Transferred to stage 1	615,431	(312,922)	(302,509)	-
Transferred to stage 2	(105,571)	639,810	(534,239)	-
Transferred to stage 3	(60,516)	(244,267)	304,783	-
Changes resulting from adjustments	-	-	-	-
Write offs	-	-	(512,554)	(512,554)
Amendments resulting from changes in currency exchange	-	-	-	-
<b>Balance at the end of the year</b>	<b>8,774,489</b>	<b>913,870</b>	<b>9,404,206</b>	<b>19,092,565</b>

31 December 2020	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the year	5,557,870	997,362	5,283,085	11,838,317
Expected credit losses on new facilities granted during the year	2,043,147	435,532	5,198,548	7,677,227
Recovered from expected credit losses on facilities settled during the year	(1,491,292)	(169,734)	(663,937)	(2,324,962)
Transferred to stage 1	826,468	(551,037)	(275,432)	-
Transferred to stage 2	(97,795)	319,269	(221,474)	-
Transferred to stage 3	(92,893)	(290,758)	383,651	-
Changes resulting from adjustments	-	-	-	-
Write offs	-	-	(802,609)	(802,609)
Amendments resulting from changes in currency exchange	-	-	-	-
<b>Balance at the end of the year</b>	<b>6,745,505</b>	<b>740,634</b>	<b>8,901,833</b>	<b>16,387,972</b>

- The following is a disclosure of the distribution of total real estate facilities according to the Bank's internal classification categories as at 31 December 2021 and 2020

Credit rating categories based on the Bank's internal system	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
<b>31 December 2021</b>				
From (1) to (5)	56,569,691	7,715,629	-	64,285,320
From (6) to (7)	78,941	17,041,032	-	17,119,973
From (8) to (10)	-	-	30,528,213	30,528,213
Unrated	123,199,460	7,280,590	13,484,143	143,964,193
<b>Total</b>	<b>179,848,092</b>	<b>32,037,251</b>	<b>44,012,356</b>	<b>255,897,699</b>
<b>31 December 2020</b>				
From (1) to (5)	37,453,802	5,742,285	-	43,196,087
From (6) to (7)	59,500	18,433,999	-	18,493,499
From (8) to (10)	-	-	32,057,589	32,057,589
Unrated	104,831,396	7,344,788	15,232,400	127,408,584
<b>Total</b>	<b>142,344,699</b>	<b>31,521,072</b>	<b>47,289,989</b>	<b>221,155,759</b>

## Notes to the consolidated financial statements as at 31 december 2021

### Real Estate facilities

- The following is the disclosure of the movement on real estate facilities balances during the year ended 31 December 2021 and 2020:

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
<b>31 December 2021</b>				
Balance at the beginning of the year	142,344,699	31,521,072	47,289,989	221,155,759
New facilities during the year	63,221,222	2,080,020	2,667,102	67,968,345
Facilities paid during the year	(22,588,422)	(3,834,895)	(6,434,498)	(32,857,815)
Transferred to stage 1	6,118,672	(4,531,577)	(1,587,095)	-
Transferred to stage 2	(4,521,865)	8,867,960	(4,346,095)	-
Transferred to stage 3	(4,726,214)	(2,065,329)	6,791,543	-
Changes resulting from adjustments	-	-	-	-
Write offs (transferred off the statement of financial position)	-	-	(368,590)	(368,590)
Amendments resulting from changes in currency exchange	-	-	-	-
<b>Balance at the end of the year</b>	<b>179,848,092</b>	<b>32,037,251</b>	<b>44,012,356</b>	<b>255,897,699</b>
<b>31 December 2020</b>				
Balance at the beginning of the year	165,489,174	28,963,596	44,039,022	238,491,792
New facilities during the year	12,460,670	1,204,463	1,193,099	14,858,232
Facilities paid during the year	(24,942,933)	(2,530,051)	(4,649,275)	(32,122,259)
Transferred to Stage 1	4,192,921	(3,143,222)	(1,049,699)	-
Transferred to stage 2	(9,815,244)	11,225,560	(1,410,316)	-
Transferred to stage 3	(5,039,890)	(4,199,274)	9,239,164	-
Changes resulting from adjustments	-	-	-	-
Write offs (transferred off the statement of financial position)	-	-	(72,006)	(72,006)
Amendments resulting from changes in currency exchange	-	-	-	-
<b>Balance at the end of the year</b>	<b>142,344,699</b>	<b>31,521,072</b>	<b>47,289,989</b>	<b>221,155,759</b>

## Notes to the consolidated financial statements as at 31 December 2021

- The following is the movement on the expected credit loss provisions of real estate facilities during the year ended 31 December 2021 and 2020:

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
<b>31 December 2021</b>				
<b>Balance at the beginning of the year</b>	<b>1,294,367</b>	<b>2,903,993</b>	<b>18,762,925</b>	<b>22,961,285</b>
Expected credit losses on new facilities during the year	526,411	892,859	5,265,045	6,684,316
Recovered from expected credit losses on facilities paid during the year	(950,000)	(1,134,839)	(2,660,272)	(4,745,111)
Transferred to stage 1	533,478	(145,622)	(387,856)	-
Transferred to stage 2	(260,858)	1,162,828	(901,970)	-
Transferred to stage 3	(20,059)	(189,809)	209,868	-
Changes resulting from adjustments	-	-	-	-
Provision for written off facilities	-	-	(227,520)	(227,520)
Amendments resulting from changes in currency exchange	-	-	-	-
<b>Balance at the end of the year</b>	<b>1,123,340</b>	<b>3,489,409</b>	<b>20,060,221</b>	<b>24,672,970</b>
<b>31 December 2020</b>				
<b>Balance at the beginning of the year</b>	<b>1,099,270</b>	<b>2,027,354</b>	<b>12,599,322</b>	<b>15,725,946</b>
Expected credit losses on new facilities during the year	572,682	1,003,754	7,219,931	8,796,367
Recovered from expected credit losses on facilities paid during the year	(510,467)	(98,732)	(896,665)	(1,505,864)
Transferred to stage 1	288,026	(140,350)	(147,675)	-
Transferred to stage 2	(101,558)	250,167	(148,609)	-
Transferred to stage 3	(53,587)	(138,200)	191,786	-
Changes resulting from adjustments	-	-	-	-
Provision for written off facilities	-	-	(55,164)	(55,164)
Amendments resulting from changes in currency exchange	-	-	-	-
<b>Balance at the end of the year</b>	<b>1,294,367</b>	<b>2,903,993</b>	<b>18,762,925</b>	<b>22,961,285</b>

### Large Companies:

- The following is a disclosure of the distribution of the total large companies' facilities according to the Bank's internal classification categories as at 31 December 2021 and 2020:

Credit rating categories based on the Bank's internal system	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
<b>31 December 2021</b>				
From (1) to (5)	561,314,669	15,040,998	-	576,355,667
From (6) to (7)	241,576,010	111,559,292	-	353,135,302
From (8) to (10)	-	-	72,738,661	72,738,661
Unrated	158,797	38,280	9,511	206,588
<b>Total</b>	<b>803,049,476</b>	<b>126,638,570</b>	<b>72,748,172</b>	<b>1,002,436,218</b>
<b>31 December 2020</b>				
From (1) to (5)	738,169,607	11,512,001	-	749,681,608
From (6) to (7)	81,921,445	83,458,860	-	165,380,304
From (8) to (10)	-	-	112,430,264	112,430,264
Unrated	87,247	10	301,397	388,655
<b>Total</b>	<b>820,178,299</b>	<b>94,970,871</b>	<b>112,731,661</b>	<b>1,027,880,831</b>

## Notes to the consolidated financial statements as at 31 december 2021

- The following is the disclosure of the movement on the large companies' facilities balances during the year ended 31 December 2021 and 2020:

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
<b>31 December 2021</b>				
<b>Balance at the beginning of the year</b>	<b>820,178,299</b>	<b>94,970,871</b>	<b>112,731,661</b>	<b>1,027,880,831</b>
New facilities during the year	178,126,641	17,100,629	4,061,402	199,288,672
Facilities paid during the year	(181,470,526)	(7,814,383)	(16,630,240)	(205,915,149)
Transferred to stage 1	5,294,265	(5,294,265)	-	-
Transferred to stage 2	(15,817,373)	35,690,546	(19,873,173)	-
Transferred to stage 3	(3,261,830)	(8,014,828)	11,276,658	-
Changes resulting from adjustments	-	-	-	-
Write offs (transferred off the statement of financial position)	-	-	(18,818,136)	(18,818,136)
Amendments resulting from changes in currency exchange	-	-	-	-
<b>Balance at the end of the year</b>	<b>803,049,476</b>	<b>126,638,570</b>	<b>72,748,172</b>	<b>1,002,436,218</b>
<b>31 December 2020</b>				
<b>Balance at the beginning of the year</b>	<b>859,369,291</b>	<b>108,096,351</b>	<b>76,366,404</b>	<b>1,043,832,046</b>
New facilities during the year	94,467,768	3,742,251	3,614,486	101,824,505
Facilities paid during the year	(111,193,526)	(5,905,969)	(676,225)	(117,775,721)
Transferred to stage 1	5,432,581	(5,427,726)	(4,855)	-
Transferred to stage 2	(21,716,555)	23,684,769	(1,968,214)	-
Transferred to stage 3	(6,181,260)	(29,218,805)	35,400,066	-
Changes resulting from adjustments	-	-	-	-
Write offs (transferred off the statement of financial position)	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-
<b>Balance at the end of the year</b>	<b>820,178,299</b>	<b>94,970,871</b>	<b>112,731,661</b>	<b>1,027,880,831</b>

## Notes to the consolidated financial statements as at 31 december 2021

- The following is the disclosure of the movement on the provision for expected credit losses of large companies facilities during the year ended 31 December 2021 and 2020:

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
<b>31 December 2021</b>				
Balance at the beginning of the year	5,837,658	5,904,996	55,865,265	67,607,919
Expected credit losses on new facilities during the year	8,552,579	10,180,758	10,498,286	29,231,623
Recovered from expected credit losses on facilities paid during the year	(2,348,099)	(1,679,167)	(3,402,357)	(7,429,623)
Transferred to stage 1	193,272	(193,272)	-	-
Transferred to stage 2	(26,002)	7,714,538	(7,688,536)	-
Transferred to stage 3	(301,668)	(2,727,941)	3,029,609	-
Changes resulting from adjustments	-	-	-	-
Provision for written off facilities	-	-	(17,164,329)	(17,164,329)
Amendments resulting from changes in currency exchange	-	-	-	-
<b>Balance at the end of the year</b>	<b>11,907,740</b>	<b>19,199,912</b>	<b>41,137,938</b>	<b>72,245,590</b>
<b>31 December 2020</b>				
Balance at the beginning of the year	3,620,708	7,411,315	33,413,538	44,445,561
Expected credit losses on new facilities during the year	2,854,930	3,089,846	19,108,488	25,053,263
Recovered from expected credit losses on facilities paid during the year	(448,797)	(494,451)	(947,658)	(1,890,905)
Transferred to stage 1	56,193	(54,411)	(1,782)	-
Transferred to stage 2	(168,511)	652,390	(483,878)	-
Transferred to stage 3	(76,864)	(4,699,693)	4,776,557	-
Changes resulting from adjustments	-	-	-	-
Provision for written off facilities	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-
<b>Balance at the end of the year</b>	<b>5,837,658</b>	<b>5,904,996</b>	<b>55,865,265</b>	<b>67,607,919</b>

### Small and Medium Companies

- The following is a disclosure of the distribution of total SME facilities according to the Bank's internal classification categories as at 31 December 2021 and 2020:

Credit rating categories based on the Bank's internal system	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
<b>31 December 2021</b>				
From (1) to (5)	99,688,353	12,797,452	-	112,485,805
From (6) to (7)	10,741,789	-	-	10,741,789
From (8) to (10)	-	2,762,525	17,107,662	19,870,187
Unrated	35,077	37,594	411,652	484,323
<b>Total</b>	<b>110,465,219</b>	<b>15,597,571</b>	<b>17,519,314</b>	<b>143,582,104</b>
<b>31 December 2020</b>				
From (1) to (5)	94,245,332	8,398,695	-	102,644,027
From (6) to (7)	11,215,228	4,637,768	-	15,852,997
From (8) to (10)	-	-	13,399,087	13,399,087
Unrated	55,000	14,502	470,827	540,329
<b>Total</b>	<b>105,515,560</b>	<b>13,050,966</b>	<b>13,869,914</b>	<b>132,436,439</b>

## Notes to the consolidated financial statements as at 31 december 2021

- The following is the disclosure of the movement on SME facilities balances during the year ended 31 December 2021 and 2020:

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
<b>31 December 2021</b>				
<b>Balance at the beginning of the year</b>	<b>105,515,560</b>	<b>13,050,966</b>	<b>13,869,914</b>	<b>132,436,440</b>
New facilities during the year	43,181,404	7,914,391	5,522,480	56,618,275
Facilities paid during the year	(36,518,830)	(2,680,415)	(4,692,997)	(43,892,242)
Transferred to stage 1	3,561,933	(3,288,025)	(273,908)	-
Transferred to stage 2	(3,332,527)	3,941,926	(609,399)	-
Transferred to stage 3	(1,942,321)	(3,341,272)	5,283,593	-
Changes resulting from adjustments	-	-	-	-
Write offs (transferred off the statement of financial position)	-	-	(1,580,369)	(1,580,369)
Amendments resulting from changes in currency exchange	-	-	-	-
<b>Balance at the end of the year</b>	<b>110,465,219</b>	<b>15,597,571</b>	<b>17,519,314</b>	<b>143,582,104</b>
<b>31 December 2020</b>				
<b>Balance at the beginning of the year</b>	<b>78,464,240</b>	<b>8,577,774</b>	<b>10,766,193</b>	<b>97,808,208</b>
New facilities during the year	55,638,906	3,507,992	1,294,495	60,441,392
Facilities paid during the year	(22,436,868)	(1,247,742)	(2,023,559)	(25,708,169)
Transferred to stage 1	2,625,551	(2,446,914)	(178,637)	-
Transferred to stage 2	(5,518,311)	5,854,238	(335,927)	-
Transferred to stage 3	(3,257,958)	(1,194,382)	4,453,297	957
Changes resulting from adjustments	-	-	-	-
Write offs (transferred off the statement of financial position)	-	-	(105,948)	(105,948)
Amendments resulting from changes in currency exchange	-	-	-	-
<b>Balance at the end of the year</b>	<b>105,515,560</b>	<b>13,050,966</b>	<b>13,869,914</b>	<b>132,436,439</b>

## Notes to the consolidated financial statements as at 31 december 2021

- The following is the disclosure of the movement on the provision for expected credit losses of SME facilities during the year ended 31 December 2021 and 2020:

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
<b>31 December 2021</b>				
Balance at the beginning of the year	546,579	818,895	6,671,695	8,037,169
Expected credit losses on new facilities during the year	129,860	37,730	4,811,227	4,978,817
Recovered from expected credit losses on facilities paid during the year	(449,546)	(345,346)	(1,182,359)	(1,977,251)
Transferred to stage 1	161,520	(43,761)	(117,759)	-
Transferred to stage 2	(21,690)	300,909	(279,219)	-
Transferred to stage 3	(6,726)	(612,300)	619,026	-
Changes resulting from adjustments	-	-	-	-
Provision for written off facilities	-	-	(1,341,059)	(1,341,059)
Amendments resulting from changes in currency exchange	-	-	-	-
<b>Balance at the end of the year</b>	<b>359,997</b>	<b>156,127</b>	<b>9,181,552</b>	<b>9,697,676</b>
<b>31 December 2020</b>				
Balance at the beginning of the year	222,586	410,975	4,183,419	4,816,981
Expected credit losses on new facilities during the year	422,462	425,237	3,200,591	4,048,290
Recovered from expected credit losses on facilities paid during the year	(158,788)	(212,675)	(355,776)	(727,239)
Transferred to stage 1	130,016	(21,282)	(108,734)	-
Transferred to stage 2	(22,622)	231,705	(209,084)	-
Transferred to stage 3	(47,075)	(15,065)	62,141	-
Changes resulting from adjustments	-	-	-	-
Provision for written off facilities	-	-	(100,862)	(100,862)
Amendments resulting from changes in currency exchange	-	-	-	-
<b>Balance at the end of the year</b>	<b>546,579</b>	<b>818,895</b>	<b>6,671,695</b>	<b>8,037,169</b>

### Government and Public Sector

- The following is a disclosure of the distribution of total government and public sector facilities according to the Bank's internal classification categories as at 31 December 2021 and 2020:

Credit rating categories based on the Bank's internal system	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
<b>31 December 2021</b>				
From (1) to (5)	89,887,857	-	-	89,887,857
From (6) to (7)	88,051,341	-	-	88,051,341
From (8) to (10)	-	-	-	-
Unrated	-	-	-	-
<b>Total</b>	<b>177,939,198</b>	<b>-</b>	<b>-</b>	<b>177,939,198</b>
<b>31 December 2020</b>				
From (1) to (5)	62,438,870	-	-	62,438,870
From (6) to (7)	50,000,000	-	-	50,000,000
From (8) to (10)	-	-	-	-
Unrated	-	-	-	-
<b>Total</b>	<b>112,438,870</b>	<b>-</b>	<b>-</b>	<b>112,438,870</b>

## Notes to the consolidated financial statements as at 31 december 2021

- The following is the disclosure of the movement on government and public sector facilities balances during the year ended 31 December 2021 and 2020:

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
<b>31 December 2021</b>				
Balance at the beginning of the year	112,438,870	-	-	112,438,870
New facilities during the year	73,501,342	-	-	73,501,342
Facilities paid during the year	(8,001,014)	-	-	(8,001,014)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Write offs (transferred off the statement of financial position)	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-
<b>Balance at the end of the year</b>	<b>177,939,198</b>	<b>-</b>	<b>-</b>	<b>177,939,198</b>
<b>31 December 2020</b>				
Balance at the beginning of the year	128,438,162	-	-	128,438,162
New facilities during the year	708	-	-	708
Facilities paid during the year	(16,000,000)	-	-	(16,000,000)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Write offs (transferred off the statement of financial position)	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-
<b>Balance at the end of the year</b>	<b>112,438,870</b>	<b>-</b>	<b>-</b>	<b>112,438,870</b>

## Notes to the consolidated financial statements as at 31 december 2021

- The following is the disclosure of the movement on the provision for expected credit losses of government and public sector facilities during the year ended 31 December 2021 and 2020:

	Stage 1	Stage 2	Stage 3	Total
	Individuals	Individuals		
	JD	JD	JD	JD
<b>31 December 2021</b>				
Balance at the beginning of the year	107,426	-	-	107,426
Expected credit losses on new facilities during the year	428,998	-	-	428,998
Recovered from expected credit losses on facilities paid during the year	-	-	-	-
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Provision for written off facilities	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-
<b>Balance at the end of the year</b>	<b>536,424</b>	<b>-</b>	<b>-</b>	<b>536,424</b>
<b>31 December 2020</b>				
Balance at the beginning of the year	403,242	-	-	403,242
Expected credit losses on new facilities during the year	-	-	-	-
Recovered from expected credit losses on facilities paid during the year	(295,815)	-	-	(295,815)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Provision for written off facilities	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-
<b>Balance at the end of the year</b>	<b>107,426</b>	<b>-</b>	<b>-</b>	<b>107,426</b>

\* Based on the instructions of the Central Bank of Jordan related to the application of IFRS (9), no provision was calculated for expected credit losses on credit facilities granted or guaranteed by the Jordanian government.

## (8) Financial assets at fair value through statement of income

The details of this item are as follows:

	2021	2020
Shares listed in an active market	4,133,548	-
<b>Total financial assets through statement of income</b>	<b>4,133,548</b>	<b>-</b>

- Total unrealized losses from the valuation of shares at fair value through statement of income amounted to JD 288,817 during 2021, which was recorded within the consolidated income statement.
- Total realized losses from sale of shares at fair value through statement of income amounted to JD 14,966 during 2021, which was recorded within the consolidated income statement.

**(9) Financial assets at fair value through other comprehensive income**

The details of this item are as follows:

	2021	2020
Shares listed in an active market	19,114,012	17,784,848
Shared unlisted	26,204,532	25,505,244
<b>Total shares</b>	<b>45,318,545</b>	<b>43,290,092</b>
Bonds listed in active markets	24,660,562	29,366,838
Bonds unlisted in active markets	5,000,000	13,210,344
<b>Total bonds (debt instruments)</b>	<b>29,660,562</b>	<b>42,577,182</b>
<b>Total financial assets at fair value through other comprehensive income</b>	<b>74,979,107</b>	<b>85,867,274</b>
<b>Analysis of bills and bonds:</b>		
Fixed rate	24,660,562	29,366,838
Floating rate	5,000,000	13,210,344
<b>Total</b>	<b>29,660,562</b>	<b>42,577,182</b>

- Total income realized from the sale of shares at fair value through comprehensive income amounted to JD 393,798 during the year 2021 compared to JD 7,315 during the year 2020, which were credited directly to retained earnings in the consolidated statement of equity.
- Total losses realized from sale of bonds at fair value through comprehensive income amounted JD 89,987 compared to JD 407,041 in profits during the year 2020 that were credited directly in the consolidated statement of income.
- Cash dividends on the above investments amounted to JD 1,068,858) for the year ended 31 December 2021 ( 2020: JD 2,768,310)
- The following is a disclosure of the distribution of total debt instruments at fair value through other comprehensive income according to the Bank's internal classification categories as at 31 December 2021 and 2020:

Credit rating categories based on the Bank's internal system	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
<b>31 December 2021</b>				
From (1) to (5)	763,026	-	-	763,026
From (6) to (7)	28,206,261	-	-	28,206,261
From (8) to (10)	-	-	691,275	691,275
Unrated	-	-	-	-
<b>Total</b>	<b>28,969,287</b>	<b>-</b>	<b>691,275</b>	<b>29,660,562</b>
<b>31 December 2020</b>				
From (1) to (5)	5,238,582	-	-	5,238,582
From (6) to (7)	29,172,901	-	-	29,172,901
From (8) to (10)	-	-	10,154,668	10,154,668
Reclassification of expected credit loss	(96,432)	-	(1,892,538)	(1,988,970)
<b>Total</b>	<b>34,411,484</b>	<b>-</b>	<b>8,262,130</b>	<b>42,577,182</b>

## Notes to the consolidated financial statements as at 31 december 2021

- The following is the disclosure of movement in the balance of debt instruments at fair value through other comprehensive income for the years ended 31 December 2021 and 2020:

	Stage 1	Stage 2	Stage 3	Total
	Individuals	Individuals		
	JD	JD	JD	JD
<b>31 December 2021</b>				
Fair value at beginning of the year	34,315,052	-	8,262,130	42,577,182
New debt instruments during the year	33,656	-	-	33,656
Paid debt instruments during the year	(5,379,421)	-	(1,438,005)	(6,817,426)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Written off debt instruments	-	-	(6,132,850)	(6,132,850)
<b>Fair value at end of the year</b>	<b>28,969,287</b>	<b>-</b>	<b>691,275</b>	<b>29,660,562</b>
<b>31 December 2020</b>				
Fair value at beginning of the year	33,433,864	9,584,794	8,731,925	51,750,583
New debt instruments during the year	8,210,475	-	474,456	8,684,931
Paid debt instruments during the year	(7,232,856)	(6,429,744)	(2,206,763)	(15,869,362)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	(3,155,050)	3,155,050	-
Changes resulting from adjustments*	(96,432)	-	(1,892,538)	(1,988,970)
Written off debt instruments	-	-	-	-
<b>Fair value at end of the year</b>	<b>34,315,052</b>	<b>-</b>	<b>8,262,130</b>	<b>42,577,182</b>

\* The adjustments resulted from re-stating the expected credit losses to be included in the valuation reserve in equity.

## Notes to the consolidated financial statements as at 31 december 2021

- The following is the disclosure of the movement in the provision for expected credit losses for debt instruments at fair value through other comprehensive income during the years ended 31 December 2021 and 2020:

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
<b>31 December 2021</b>				
<b>Balance at the beginning of the year</b>	<b>96,432</b>	<b>-</b>	<b>7,127,980</b>	<b>7,224,412</b>
Expected credit losses on new debt instruments during the year	139,298	-	335,768	475,066
Recovered from expected credit losses on debt instruments paid during the year*	(40,636)	-	(918,022)	(958,658)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Provision for written off debt instruments	-	-	(6,132,850)	(6,132,850)
<b>Balance at the end of the year</b>	<b>195,094</b>	<b>-</b>	<b>412,876</b>	<b>607,970</b>
<b>31 December 2020</b>				
<b>Balance at the beginning of the year</b>	<b>81,629</b>	<b>440,745</b>	<b>918,923</b>	<b>1,441,297</b>
Expected credit losses on new debt instruments during the year*	62,332	-	5,894,628	5,956,960
Recovered from expected credit losses on debt instruments paid during the year	(47,529)	(126,315)	-	(173,844)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	(314,430)	314,430	-
Changes resulting from adjustments	-	-	-	-
Provision for written off debt instruments	-	-	-	-
<b>Balance at the end of the year</b>	<b>96,432</b>	<b>-</b>	<b>7,127,980</b>	<b>7,224,412</b>

\* Represents private sector corporate bonds that were reclassified from financial assets at fair value through statement of comprehensive income to investments at amortised cost during 2021.

- The Bank has not calculated expected credit loss provisions on debt instruments issued by the Jordanian government in accordance with the Central Bank of Jordan's instructions regarding the application of IFRS (9).

**(10) Financial assets at amortised cost**

The details of this item are as follows:

	2021	2020
<b>Financial assets with available market prices:</b>		
Foreign government bills and treasury bonds	6,245,547	-
Total financial assets with no available market prices	6,245,547	-
Less: impairment provisions for financial assets at amortised cost	(171,056)	-
Net financial assets with available market prices	6,074,491	-
<b>Financial assets with no available market prices:</b>		
Bills and treasury bonds	482,250,189	402,110,610
Corporate loans bonds	8,720,000	-
Total financial assets with no available market prices	490,970,189	402,110,610
Less: impairment provisions for financial assets at amortised cost	(2,475,375)	-
Net financial assets with no available market prices	488,494,814	402,110,610
<b>Total</b>	<b>494,569,305</b>	<b>402,110,610</b>
<b>Analysis of bills and bonds:</b>		
With fixed rate	488,495,736	402,110,610
With floating rate	8,720,000	-
<b>Total</b>	<b>497,215,736</b>	<b>402,110,610</b>

- Total income realized from the sale of bonds at amortised cost amounted to JD 2,132,280 during 2021, which was recorded within the consolidated income statement.
- Based on the instructions of the Central Bank of Jordan related to the application of IFRS (9), no expected credit loss provisions were calculated on the Jordanian government treasury bonds and bills.
- The following is a disclosure of the distribution of total financial assets at amortised cost according to the Bank's internal classification categories as at 31 December 2021 and 2020.

Credit rating categories based on the Bank's internal system	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
<b>31 December 2021</b>				
From (1) to (5)	-	-	-	-
From (6) to (7)	488,495,736	-	-	488,495,736
From (8) to (10)	-	-	8,720,000	8,720,000
Unrated	-	-	-	-
<b>Total</b>	<b>488,495,736</b>	<b>-</b>	<b>8,720,000</b>	<b>497,215,736</b>
<b>31 December 2020</b>				
From (1) to (5)	402,110,610	-	-	402,110,610
From (6) to (7)	-	-	-	-
From (8) to (10)	-	-	-	-
Unrated	-	-	-	-
<b>Total</b>	<b>402,110,610</b>	<b>-</b>	<b>-</b>	<b>402,110,610</b>

## Notes to the consolidated financial statements as at 31 december 2021

- The following is the disclosure of the movement on financial assets at amortised cost balance during the years ended 31 December 2021 and 2020:

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
<b>31 December 2021</b>				
<b>Balance at the beginning of the year</b>	<b>402,110,610</b>	-	-	<b>402,110,610</b>
New investments during the year	217,763,801	-	8,720,000	226,483,801
Paid investments during the year	(131,378,675)	-	-	(131,378,675)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Written off investments	-	-	-	-
<b>Balance at the end of the year</b>	<b>488,495,736</b>	-	<b>8,720,000</b>	<b>497,215,736</b>
<b>31 December 2020</b>				
<b>Balance at the beginning of the year</b>	<b>308,656,110</b>	-	-	<b>308,656,110</b>
New investments during the year	199,896,282	-	-	199,896,282
Paid investments during the year	(106,441,782)	-	-	(106,441,782)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Written off investments	-	-	-	-
<b>Balance at the end of the year</b>	<b>402,110,610</b>	-	-	<b>402,110,610</b>

## Notes to the consolidated financial statements as at 31 december 2021

- The following is the disclosure of the movement on the provision for expected credit losses of financial assets at amortised cost during the years ended 31 December 2021 and 2020:

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
31 December 2021				
<b>Balance at the beginning of the year</b>	-	-	-	-
Expected credit losses on new investments during the year	228,409	-	2,418,022	2,646,431
Recovered from expected credit losses on investments paid during the year	-	-	-	-
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Provision for written off investments	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-
<b>Balance at the end of the year</b>	<b>228,409</b>	<b>-</b>	<b>2,418,022</b>	<b>2,646,431</b>
31 December 2020				
<b>Balance at the beginning of the year</b>	-	-	-	-
Expected credit losses on new investments during the year	-	-	-	-
Recovered from expected credit losses on investments paid during the year	-	-	-	-
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Provision for written off investments	-	-	-	-
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\* Based on the instructions of the Central Bank of Jordan related to the application of IFRS (9), no expected credit loss provisions were calculated on the Jordanian government treasury bonds and bills.

## Notes to the consolidated financial statements as at 31 december 2021

- The following is the disclosure of the movement on investments balance during the years ended 31 December 2021 and 2020:

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
<b>31 December 2021</b>				
Balance at the beginning of the year	436,522,094	-	10,154,668	446,676,762
New investments during the year	217,797,457	-	14,569,612	232,367,069
Investments matured during the year	(136,854,528)	-	(9,180,155)	(146,034,683)
Change in fair value	-	-	-	-
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Written off investments	-	-	(6,132,850)	(6,132,850)
<b>Balance at the end of the year</b>	<b>517,465,023</b>	<b>-</b>	<b>9,411,275</b>	<b>526,876,298</b>
<b>31 December 2020</b>				
Balance at the beginning of the year	342,089,978	9,584,794	8,731,925	360,406,696
New investments during the year	208,106,754	-	474,456	208,581,209
Investments matured during the year	(113,674,637)	(6,429,744)	(2,206,763)	(122,311,144)
Change in fair value	-	-	-	-
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	(3,155,050)	3,155,050	-
Changes resulting from adjustments	-	-	-	-
Written off investments	-	-	-	-
<b>Balance at the end of the year</b>	<b>436,522,094</b>	<b>-</b>	<b>10,154,668</b>	<b>446,676,762</b>

- The following is the disclosure of the movement on investments expected credit losses during the year ended 31 December 2021 and 2020:

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
<b>31 December 2021</b>				
Balance at the beginning of the year	96,432	-	7,127,980	7,224,412
New investments during the year	367,706	-	2,753,791	3,121,497
Investments matured during the year	(40,636)	-	(918,022)	(958,658)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Provision for written off investments	-	-	(6,132,850)	(6,132,850)
<b>Balance at the end of the year</b>	<b>423,502</b>	<b>-</b>	<b>2,830,899</b>	<b>3,254,401</b>
<b>31 December 2020</b>				
Balance at the beginning of the year	81,629	440,745	918,923	1,441,297
New investments during the year	62,332	-	5,894,628	5,956,960
Investments matured during the year	(47,529)	(126,315)	-	(173,844)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	(314,430)	314,430	-
Changes resulting from adjustments	-	-	-	-
Provision for written off investments	-	-	-	-
<b>Balance at the end of the year</b>	<b>96,432</b>	<b>-</b>	<b>7,127,980</b>	<b>7,224,412</b>

**(11) Property and equipment- net**

A - The details of this item are as follows:

31 December 2021	Lands		Buildings		Equipment, devices and furniture		Vehicles		Devices and Computers		Leasehold improvements		Total	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b>Cost:</b>														
Balance at the beginning of the year	4,136,712	14,548,109	16,283,465	1,188,459	16,831,725	18,849,546	71,838,015							
Impact of reconsolidation of a subsidiary		469,906	249,830	115,902	134,282	97,249	1,067,169							
Adjusted beginning balance	4,136,712	15,018,015	16,533,295	1,304,361	16,966,007	18,946,795	72,905,184							
Additions	3,448,821	2,216,600	2,122,427	-	1,042,324	2,694,961	11,525,133							
Less: disposals and reclassification	-	4,052,079	286,027	76,477	850,151	-	5,264,734							
<b>Balance at the end of the year</b>	<b>7,585,533</b>	<b>13,182,536</b>	<b>18,369,695</b>	<b>1,227,884</b>	<b>17,158,180</b>	<b>21,641,756</b>	<b>79,165,583</b>							
<b>Accumulated depreciation:</b>														
Balance at the beginning of the year	-	2,708,112	11,263,006	915,590	14,472,440	15,611,723	44,970,871							
Impact of reconsolidation of a subsidiary		143,577	244,013	102,582	130,650	95,996	716,818							
Adjusted beginning balance	-	2,851,689	11,507,019	1,018,172	14,603,090	15,707,719	45,687,689							
Depreciation for the year	-	259,248	1,153,202	126,587	932,005	1,388,203	3,859,245							
Less: disposals	-	-	273,112	525	841,268	-	1,114,905							
<b>Balance at the end of the year</b>	<b>-</b>	<b>3,110,937</b>	<b>12,387,109</b>	<b>1,144,234</b>	<b>14,693,827</b>	<b>17,095,922</b>	<b>48,432,029</b>							
Net book value of property and equipment	7,585,533	10,071,598	5,982,586	83,650	2,464,353	4,545,834	30,733,554							
Add: Payments on purchase account of property and equipment	-	-	3,117,360	-	-	-	3,117,360							
<b>Net book value of property and equipment at the end of the year</b>	<b>7,585,533</b>	<b>10,071,598</b>	<b>9,099,946</b>	<b>83,650</b>	<b>2,464,353</b>	<b>4,545,834</b>	<b>33,850,914</b>							

31 December 2020	Lands		Buildings		Equipment, devices and furniture		Vehicles		Devices and Computers		Leasehold improvements		Total	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b>Cost:</b>														
Balance at the beginning of the year	4,136,712	11,379,902	16,128,223	1,195,925	15,844,712	17,010,404	65,695,877							
Additions	-	3,168,207	221,957	50,214	988,619	1,839,142	6,268,139							
Less: disposals	-	-	66,715	57,680	1,607	-	126,001							
<b>Balance at the end of the year</b>	<b>4,136,712</b>	<b>14,548,109</b>	<b>16,283,465</b>	<b>1,188,459</b>	<b>16,831,725</b>	<b>18,849,546</b>	<b>71,838,015</b>							
<b>Accumulated depreciation:</b>														
Balance at the beginning of the year	-	2,514,922	10,092,838	840,814	13,449,383	14,196,791	41,094,747							
Depreciation for the year	-	193,190	1,226,597	124,407	1,031,225	1,414,932	3,990,351							
Less: disposals	-	-	56,429	49,630	8,168	-	114,227							
<b>Balance at the end of the year</b>	<b>-</b>	<b>2,708,112</b>	<b>11,263,006</b>	<b>915,590</b>	<b>14,472,440</b>	<b>15,611,723</b>	<b>44,970,871</b>							
Net book value of property and equipment	4,136,712	11,839,996	5,020,459	272,869	2,359,285	3,237,823	26,867,144							
Add: Payments on purchase account of property and equipment	-	-	1,660,554	-	-	-	1,660,554							
<b>Net book value of property and equipment at the end of the year</b>	<b>4,136,712</b>	<b>11,839,996</b>	<b>6,681,013</b>	<b>272,869</b>	<b>2,359,285</b>	<b>3,237,823</b>	<b>28,527,698</b>							

- Fully depreciated assets as at 31 December 2021 amounted to JD 33,937,412 compared to JD 30,914,613 as at 31 December 2020.

## (12) Intangible assets – net

The details of this item are as follows:

For the year 2021	Software and programmes 31 December	
	2021	2020
	JD	JD
Balance at the beginning of the year	1,964,717	1,357,766
Additions	4,311,495	1,332,250
Amortisation for the year	611,226	725,298
<b>Balance at the end of the year</b>	<b>5,664,986</b>	<b>1,964,717</b>
<b>Annual amortization rate %</b>		<b>33-20</b>

### (13) Leased assets and liabilities

The Bank implemented IFRS (16) "Leases" as at 1 January 2019. The application resulted in the recognition of the right to use of the leased assets amounting to JD 12,844,569 as at 31 December 2021 (2020: JD 13,347,577) and the liabilities arising against it amounting to JD 12,530,503 as at 31 December 2021 (2020: JD 12,389,957), the recognized amounts represent the present value of the expected future payments on the basis of each contract separately using a discount rate equivalent to the incremental borrowing rate of the Bank.

All contracts that were processed under IFRS 16 represent the leasing of locations and branches of the Bank. The Bank chose to use the exemption available in the standard by not recognizing the right of use leased assets for contracts of less than one year with immaterial amounts.

Assets recognised in the financial position are amortized using the straight-line method and over the expected period of the right of use, for each asset, as the value of amortization for the period amounted to JD 2,713,528 for 31 December 2021 compared to JD 2,163,762 as at 31 December 2020.

The liability is amortized by reducing the payments made to the lessor, less interest resulting from the present value. Interest expense amounted to JD 1,212,858 for 31 December 2021 compared to JD 1,085,669 as at 31 December 2020.

### (14) Other assets

The details of this item are as follows:	31 December 2021	31 December 2020
	JD	JD
Accrued interest	30,698,981	25,013,351
Prepaid expenses	2,034,183	1,867,437
Assets seized by the Bank in settlement of debts, net	131,966,150	133,538,182
Debtors*	1,157,017	301,063
Clearing cheques	6,422,079	3,918,612
Others*	6,698,181	5,936,309
<b>Total</b>	<b>178,976,591</b>	<b>170,574,955</b>

\* Items of debtors, assets seized by the bank in settlement of debts and other assets include balances pertaining to subsidiaries amounting to JD 6,245,421 as at 31 December 2021 compared to JD 68,636 as at 31 December 2020.

- The instructions of the Central Bank of Jordan require the disposal of the assets seized by the bank in settlement of debts within a maximum period of two years from the date of its acquisition. The Central Bank, in exceptional cases, may extend this period for a maximum of two consecutive years.

## Notes to the consolidated financial statements as at 31 december 2021

Below is the movement on the assets seized by the Bank:	Seized properties	Other seized assets	Total
	JD	JD	JD
<b>31 December 2021</b>			
Balance at the beginning of the year - net	133,538,182	-	133,538,182
Additions *	15,793,842	1,040,275	16,834,117
Disposals	(14,013,762)	-	(14,013,762)
Recovered from provision in accordance with the instructions of the Central Bank of Jordan	896,846	-	896,846
Impairment	(5,289,233)	-	(5,289,233)
<b>Balance at the end of the year</b>	<b>130,925,875</b>	<b>1,040,275</b>	<b>131,966,150</b>
<b>31 December 2020</b>			
Balance at the beginning of the year - net	136,505,006	-	136,505,006
Additions	2,497,686	-	2,497,686
Disposals	(5,099,082)	-	(5,099,082)
Impairment	(365,428)	-	(365,428)
<b>Balance at the end of the year</b>	<b>133,538,182</b>	<b>-</b>	<b>133,538,182</b>

\*This amount represents seized shares during 2021 against debts in one of the Arab Banks.

- Real estate provision has not been deducted in accordance with the instructions of the Central Bank of Jordan Circular No. 16239/1/10 dated on 21 November 2019, as the Circular has been postponed for one year. So that the required percentage of 50% of these properties are to be reached by the end of 2030.

## (15) Banks and financial institutions deposits

The details of this item are as follows:	31 December 2021		
	Inside the Kingdom	Outside the Kingdom	Total
	JD	JD	JD
Current and at call accounts	-	38,791,340	38,791,340
Term deposits*	46,085,000	82,069,117	128,154,117
<b>Total</b>	<b>46,085,000</b>	<b>120,860,457</b>	<b>166,945,457</b>
	31 December 2020		
	Inside the Kingdom	Outside the Kingdom	Total
	JD	JD	JD
Current and at call accounts	-	25,995,596	25,995,596
Term deposits*	24,815,000	122,877,081	147,692,081
<b>Total</b>	<b>24,815,000</b>	<b>148,872,677</b>	<b>173,687,677</b>

\* Deposits of banks and financial institutions maturing within a period of more than 3 months amounted to JD 37,614,010 as at 31 December 2021, compared to JD 126,893,677 as at 31 December 2020.

**(16) Customer's deposits**

The details of this item are as follows:

31 December 2021	Individuals	Corporates		Government and public sector	Total
		Large	SMEs		
	JD	JD	JD	JD	JD
Current and at call accounts	280,396,214	118,948,896	242,280,968	2,246,868	643,872,946
Saving deposits	179,887,171	636,766	3,147,265	2,148,391	185,819,593
Term and notice deposits	716,137,590	224,012,363	97,043,392	70,282,107	1,107,475,452
Certificates of deposit	131,479	-	-	-	131,479
<b>Total</b>	<b>1,176,552,454</b>	<b>343,598,025</b>	<b>342,471,625</b>	<b>74,677,366</b>	<b>1,937,299,470</b>

31 December 2020	Individuals	Corporates		Government and public sector	Total
		Large	SMEs		
	JD	JD	JD	JD	JD
Current and at call accounts	264,911,036	128,604,511	201,007,560	2,185,827	596,708,934
Saving deposits	170,693,583	224,385	3,828,672	1,320,951	176,067,591
Term and notice deposits	714,346,562	243,313,314	84,195,942	62,869,582	1,104,725,400
Certificates of deposit	48,558	-	-	-	48,558
<b>Total</b>	<b>1,149,999,739</b>	<b>372,142,209</b>	<b>289,032,174</b>	<b>66,376,361</b>	<b>1,877,550,483</b>

- The Jordanian government and public sector deposits within the Kingdom amounted to JD 74,677,366, i.e. 3.9% of total deposits as at 31 December 2021 (JD 66,376,361, i.e. 3.5% as at 31 December 2020).
- The non-interest-bearing deposits amounted to JD 586,779,824, i.e. 30.3% of total deposits as at 31 December 2021 (JD 543,698,415, i.e. 29% as at 31 December 2020).
- The deposits (restricted) amounted to JD 29,375,093, i.e. 1.5% of the total deposits as at 31 December 2021 (JD 27,228,796, i.e. 1.5% as at 31 December 2020).
- Dormant deposits amounted to JD 31,057,498 as at 31 December 2021 (JD 61,461,964 as at 31 December 2020).

**(17) Cash margins**

The details of this item are as follows:

	2021	2020
	JD	JD
Cash margins against direct facilities	62,744,733	51,630,723
Cash margins against indirect facilities	30,334,475	22,264,594
<b>Total</b>	<b>93,079,208</b>	<b>73,895,317</b>

**(18) Borrowed funds**

Borrowings were obtained under agreements signed with different financial institutions, for the purpose of financing micro companies and SMEs, in a schedule as follows:

	Loan Amount/ JD	Total number of installments	Remaining	Periodic payment of installments	Collaterals	Interest rate	Fixed/ Variable
<b>31 December 2021</b>							
Loan from Central Bank of Jordan	2,400,000	20	12	Semi-annual	-	1.96%	Variable
Loan from Central Bank of Jordan	1,110,000	14	5	Semi-annual	-	2.51%	Fixed
Loan from Central Bank of Jordan	3,963,975	20	17	Semi-annual	-	2.00%	Variable
Loan from Central Bank of Jordan	4,426,400	34	34	Semi-annual	-	3.00%	Fixed
Loan from Central Bank of Jordan	480,769	30	29	Semi-annual	-	1.54%	Variable
Advances from Central Bank of Jordan	666,668	3	2	Under tranches - every 6 months over 2 years	Promissory notes on demand	0.50%	Fixed
Advances from Central Bank of Jordan	999,245	27	20	Under tranches - every 6 months over 10 years	Promissory notes on demand	0.50%	Fixed
Advances from Central Bank of Jordan	994,034	17	11	Under tranches - every 9 months over 10 years	Promissory notes on demand	0.50%	Fixed
Advances from Central Bank of Jordan	461,050	36-57	3-36	Monthly over the year	Promissory notes on demand	0.50%	Fixed
Advances from Central Bank of Jordan	2,675,667	3-64	1-38	Monthly over 5 years	Promissory notes on demand	0.50%	Fixed
Advances from Central Bank of Jordan	7,902,631	6-114	3-82	Monthly over 10 years	Promissory notes on demand	0.50%	Fixed
Advances from Central Bank of Jordan	749,404	5-68	1-27	Monthly over the year	Promissory notes on demand	1.00%	Fixed
Advances from Central Bank of Jordan	4,764,717	2-60	1-50	Monthly over 5 years	Promissory notes on demand	1.00%	Fixed
Advances from Central Bank of Jordan	4,313,978	22-101	9-101	Monthly over 10 years	Promissory notes on demand	1.00%	Fixed
Advances from Central Bank of Jordan - Covid 19	549,442	14-54	14-50	Monthly over the year	-	0.00%	Fixed
Advances from Central Bank of Jordan - Covid 19	21,704,804	6-27	1-13	Monthly over 3 years	-	0.00%	Fixed
Advances from Central Bank of Jordan - Covid 19	5,310,084	12-54	10-50	Monthly over 5 years	-	0.00%	Fixed
Loan from Jordan Mortgage Refinance	20,000,000	1	1	Paid in one instalment during 2022	-	4.23%	Fixed
Loan from Jordan Mortgage Refinance	10,000,000	1	1	Paid in one instalment during 2022	-	4.23%	Fixed
Loan from Jordan Mortgage Refinance	10,000,000	1	1	Paid in one instalment during 2024	-	6.45%	Fixed
Loan from Jordan Mortgage Refinance	10,000,000	1	1	Paid in one instalment during 2028	-	4.90%	Fixed
Loan from Jordan Mortgage Refinance	9,000,000	1	1	Paid in one instalment during 2024	-	4.50%	Fixed
European Investment Bank (EIB) loan	84,583,700	9	9	Semi-annual interest	-	1.79%	Fixed
Housing Bank for Trade & Finance	36,322	-	-	Annual interest	-	5.50%	Variable
Cairo Bank	3,405,535	36	19	Paid in 36 instalments as of the date of utilization	-	5.00%	Variable
Capital Bank	3,737,851	36	7-29	Paid in 36 instalments as of the date of utilization	-	5.25%	Variable
Housing Bank for Trade & Finance	7,873,675	36	21-31	Paid in 36 instalments as of the date of utilization	-	5.50%	Variable
Societe Generale Bank	2,005,685	36	2-24	Paid in 36 instalments as of the date of utilization	-	5.40%	Variable
Loan from Jordan Mortgage Refinance	10,000,000	1	1	Payable in one payment during the year 2024 - semi-annual interest	-	4.85%	Fixed
Loan from Jordan Mortgage Refinance	5,000,000	1	1	Payable in one payment during the year 2022 - semi-annual interest	-	4.78%	Fixed
<b>Total</b>	<b>239,115,636</b>						

Notes to the consolidated financial statements as at 31 december 2021

	Loan Amount/ JD	Total number of installments	Remaining	Periodic payment of installments	Collaterals	Interest rate	Fixed/ Variable
<b>31 December 2020</b>							
Loan from Central Bank of Jordan	2,800,000	20	14	Semi annual	-	2.07%	Variable
Loan from Central Bank of Jordan	1,530,000	14	7	Semi annual	-	2.51%	Fixed
Loan from Central Bank of Jordan	4,430,325	20	19	Semi annual	-	2.11%	Variable
Loan from Central Bank of Jordan	4,426,400	34	34	Semi annual	-	3.00%	Fixed
Loan from Central Bank of Jordan	500,000	30	30	Semi annual	-	1.67%	Variable
Advances from Central Bank of Jordan	1,000,000	4	4	Under tranches - every 6 months over 2 years	Promissory notes on demand	0.50%	Fixed
Advances from Central Bank of Jordan	1,000,000	20	7	Under tranches - every 6 months over 10 years	Promissory notes on demand	0.50%	Fixed
Advances from Central Bank of Jordan	390,460	13	1	Under tranches - every 9 months over 10 years	Promissory notes on demand	0.50%	Fixed
Advances from Central Bank of Jordan	1,219,129	12	7	Monthly payments for 1 year	Promissory notes on demand	0.50%	Fixed
Advances from Central Bank of Jordan	3,379,170	60	46	Monthly payments for 5 year	Promissory notes on demand	0.50%	Fixed
Advances from Central Bank of Jordan	7,754,497	120	77	Monthly payments for 10 year	Promissory notes on demand	0.50%	Fixed
Advances from Central Bank of Jordan	561,982	12	3	Monthly payments for 1 year	Promissory notes on demand	1.00%	Fixed
Advances from Central Bank of Jordan	5,671,715	60	9	Monthly payments for 5 year	Promissory notes on demand	1.00%	Fixed
Advances from Central Bank of Jordan	820,500	120	28	Monthly payments for 10 year	Promissory notes on demand	1.00%	Fixed
Advances from Central Bank of Jordan - Covid 19	11,418,314	12	12	Monthly payments for 1 year	-	0.00%	Without interest
Advances from Central Bank of Jordan - Covid 19	9,755,013	36	36	Monthly payments for 3 year	-	0.00%	Without interest
Loan from Jordan Mortgage Refinance	20,000,000	1	1	Paid on one instalment during 2022	-	4.23%	Fixed
Loan from Jordan Mortgage Refinance	10,000,000	1	1	Paid on one instalment during 2022	-	4.23%	Fixed
Loan from Jordan Mortgage Refinance	10,000,000	1	1	Paid on one instalment during 2024	-	6.45%	Fixed
Bank Audi	961,452	36	19-26	Paid in 36 instalments as of the date of utilization	-	6.50%	Variable
Housing Bank for Trade & Finance	11,659,810	24-36	16-33	Paid in 24-36 instalments as of the date of utilization	-	6.25%	Variable
Societe Generale De Banque	3,976,677	24-36	9-33	Paid in 24-36 instalments as of the date of utilization	-	6.00%	Variable
Loan from Jordan Mortgage Refinance	10,000,000	1	1	Paid on one instalment on 4 July 2021	-	6.55%	Fixed
Loan from Jordan Mortgage Refinance	5,000,000	1	1	Paid in one instalment on 26 April 2022	-	4.78%	Fixed
<b>Total</b>	<b>128,255,444</b>						

- The loan was re-lending with a margin ranging from 3 to 5%

## (19) Other provisions

The details of this item are as follows:

Year 2021	Balance at Beginning of the year	(Reversed) through other comprehensive income *	Added through income statement for the year**	Paid / Utilised during the year	Balance at end of the year
	JD	JD	JD	JD	JD
End of service provision	12,844,516	(2,373,223)	2,342,268	2,043,855	10,769,706
Provision for lawsuits filed against the bank and potential claims	1,459,097	-	600,000	350,572	1,708,525
<b>Total</b>	<b>14,303,613</b>	<b>(2,373,223)</b>	<b>2,942,268</b>	<b>2,394,427</b>	<b>12,478,231</b>

\* The change appears as a result of actuarial assumptions with equity rights immediately after deducting the deferred tax assets, and the positive reserve is JD 558,921 as at 31 December 2021, compared to a negative reserve of JD 565,736 as at 31 December 2020.

\*\* Added through income includes an amount of JD 642,226 compared to JD 563,693 which appears within the interest receivable for specific employee benefits obligations.

Year 2020	Balance at Beginning of the year	(Reversed) through other comprehensive income *	Added through income statement for the year**	Paid / Utilised during the year	Balance at end of the year
	JD	JD	JD	JD	JD
End of service provision	11,302,931	912,477	2,288,712	1,659,604	12,844,516
Provision for lawsuits filed against the bank and potential claims	1,105,721	-	360,000	6,624	1,459,097
<b>Total</b>	<b>12,408,652</b>	<b>912,477</b>	<b>2,648,712</b>	<b>1,666,228</b>	<b>14,303,613</b>

## (20) Bonds

On 15 October 2020, bonds were issued by one of the bank's subsidiary amounting to JD 11 million. The bonds mature as a one payment on 15 October 2023, noting that the bond is not listed. Average interest rate amounted to 5% annually, to be paid on a semi-annual basis on 15 April and 15 October.

## (21) Income tax

### A- Income tax Provision

The movement in the income tax provision during the year is as follows:

	2021	2020
	JD	JD
Balance at the beginning of the year	2,176,841	14,760,848
Income tax expense	9,638,474	3,627,641
Income tax paid	(2,069,670)	(16,211,648)
<b>Balance at the end of the year</b>	<b>9,745,645</b>	<b>2,176,841</b>

## Notes to the consolidated financial statements as at 31 december 2021

### B- Income tax expense

Income tax expense charged to the consolidated statement of income are as follows:

	2021	2020
	JD	JD
Income tax expense	9,638,474	3,627,641
Impact of deferred tax assets for the year	(5,270,611)	(5,233,932)
<b>Total</b>	<b>4,367,863</b>	<b>(1,606,291)</b>

### C- Tax Position

The tax position of the bank's branches and subsidiaries is as follows:

Branches / subsidiaries	tax-assessment report submitted up to the end of the year	Final clearance until the end of the year	Payment to the Tax Authorities	Disputed years
Jordan branches	2020	2018	Accrued taxes have been paid	N/A
Cyprus branch	2021	2021	Accrued taxes have been paid	N/A
Ejara Finance Leasing Company	2020	2019	Accrued taxes have been paid	N/A
United Financial Investments Company	2020	2018	Accrued taxes have been paid	N/A

### D- Deferred Tax assets/ liabilities

The details of this item are as follows:

31 December 2021					
A- Deferred tax assets	Opening balance of the year	Amount released	Added	Balance at end of year	Tax Deferred
	JD	JD	JD	JD	JD
Provision for end of service benefits	12,844,516	2,956,332	2,342,268	12,230,452	4,647,572
Provision for seized assets	21,661,774	896,846	5,289,233	26,054,161	9,900,581
Provision for lawsuits filed against the Bank	1,459,097	350,572	600,000	1,708,525	649,240
Provision for direct facilities	42,467,084	13,884,804	34,652,782	63,235,062	24,029,324
Provision for finance lease contracts - subsidiaries	187,671	87,671	-	100,000	28,000
Provision for accounts receivable and accrued revenues - subsidiaries	-	-	3,813,207	3,813,207	1,067,698
Provision for indirect facilities	6,845,591	5,486,907	4,015,589	5,374,273	2,042,224
Provision for investments	75,055	23,268	189,406	241,193	91,653
Losses from valuation of financial assets at fair value through the statement of income	3,704,811	991,712	-	2,713,099	1,030,978
Taxable loss for the year	7,431,725	7,431,725	-	-	-
<b>Total</b>	<b>96,677,324</b>	<b>32,109,837</b>	<b>50,902,486</b>	<b>115,469,972</b>	<b>43,487,269</b>

## Notes to the consolidated financial statements as at 31 december 2021

31 December 2021					
B-Deferred tax liabilities *	Opening balance of the year	Amount released	Added	Balance at end of year	Tax Deferred
	JD	JD	JD	JD	JD
Financial assets valuation reserve at fair value	-	-	106,012	106,012	40,285
End of service indemnity - actuarial losses	-	-	2,373,223	2,373,223	901,825
Reserve for financial assets valuation *	6,724,042	-	3,015,061	9,739,103	3,700,859
<b>Total</b>	<b>6,724,042</b>	<b>-</b>	<b>5,494,296</b>	<b>12,218,338</b>	<b>4,642,968</b>

31 December 2020					
A- Deferred tax assets					
Provision for end of service benefits	11,302,931	1,659,604	3,201,189	12,844,516	4,880,915
Provision for seized assets	21,333,537	91,763	420,000	21,661,774	8,231,474
Provision for lawsuits filed against the Bank	1,105,721	6,624	360,000	1,459,097	554,457
Provision for direct facilities	39,347,169	11,681,559	14,801,474	42,467,084	16,137,492
Provision for finance lease contracts - subsidiaries	87,674	-	99,997	187,671	52,548
Provision for accounts receivable and accrued revenues - subsidiaries	155,854	155,854	-	-	-
Provision for indirect facilities	5,352,631	2,033,606	3,526,566	6,845,591	2,601,325
Provision for investments	1,044,753	969,698	-	75,055	28,521
Provision for deposits with banks	6,288	6,288	-	-	-
Losses from valuation of financial assets at fair value through the statement of income	2,301,919	-	1,402,892	3,704,811	1,407,828
Taxable loss for the year	-	-	7,431,725	7,431,725	2,824,056
<b>Total</b>	<b>82,038,477</b>	<b>16,604,996</b>	<b>31,243,843</b>	<b>96,677,324</b>	<b>36,718,616</b>
B-Deferred tax liabilities *					
Reserve for financial assets valuation *	9,183,684	6,242,564	3,782,922	6,724,042	2,555,136
<b>Total</b>	<b>9,183,684</b>	<b>6,242,564</b>	<b>3,782,922</b>	<b>6,724,042</b>	<b>2,555,136</b>

\* Deferred tax liabilities resulting from the profits of financial assets valuation are shown at fair value through the statement of comprehensive income within financial assets valuation reserve and deferred tax liabilities which relates to actuarial losses and gains that results from defined contribution plan reassessment in the consolidated statement of equity.

- The deferred tax assets and liabilities were calculated based on tax law with rates between 28% to 38%, based on amended income tax law amended and effective as of 1 January 2019.

## Notes to the consolidated financial statements as at 31 december 2021

The movement on the account of deferred tax assets/ liabilities during the year is as follows:

	2021		2020	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
Balance at the beginning of the year	36,718,616	2,555,136	31,137,943	3,489,800
Added during the year	18,961,624	2,087,833	8,879,005	1,437,510
Disposed of during the year	12,192,971	-	3,298,332	2,372,174
<b>Balance at the end of the year</b>	<b>43,487,269</b>	<b>4,642,969</b>	<b>36,718,616</b>	<b>2,555,136</b>

### E- The accounting profit reconciliation against tax profit is summarised as follows:

The accounting profit reconciliation with the taxable profit for the year is detailed below:	2021	2020
	JD	JD
Accounting loss - statement (b)	12,072,700	(5,578,751)
Add: non-deductible tax expenses	(22,106,704)	(21,456,059)
Less: non-taxable profits	52,923,459	30,354,281
<b>Taxable profit</b>	<b>42,889,455</b>	<b>3,319,471</b>
Statutory income tax rate:		
Bank's branches in Jordan	38%	38%
Bank's branches in Cyprus	12.5%	12.5%
Subsidiaries	28%	21-28%

## (22) Other liabilities

The details of this item are as follows:	2021	2020
	JD	JD
Accrued interest payable	10,069,169	10,402,054
Incoming transfers	2,670,405	1,915,411
Accounts payable	2,356,210	737,365
Accrued expenses	988,903	895,906
Provisional deposits (a)	1,568,069	10,290,860
Provisional deposits - customers	3,316,385	3,873,467
Shareholders' deposits (b)	4,122,701	4,265,588
Certified and acceptable checks	6,301,930	6,931,979
Vaults insurance	511,986	504,536
Subscription deposits (b)	79,741	80,217
Expected credit losses against indirect facilities - Note (45)	5,576,858	6,889,297
Other liabilities	13,063,167	9,332,980
<b>Total</b>	<b>50,625,524</b>	<b>56,119,661</b>

- Accounts payable and other liabilities include balances attributable to subsidiaries amounting to JD 4,467,265 as at 31 December 2021 (JD 1,477,905 as at 31 December 2020).
- (A) This item represents provisional deposits paid to public shareholding companies and others.
- (b) This amount represents proceeds from subscription refunds in public shareholding companies under establishment.

## (23) Subscribed and paid-in capital

The Bank's general assembly, approved in its meeting held on 4 May 2020, to distribute bonus shares to shareholders at half share per share, i.e. 50 million shares/ JD.

The stock dividends were capitalised from the voluntary reserve balance the subscribed and paid-in capital of the bank after the distribution amounted to 150 million shares/JD (against 100 million shares/JD as at 31 December 2019).

## (24) Reserves

The details of these reserves as at 31 December 2021 and 2020 are as follows:

### A- Statutory

This item represents the accumulated balances transferred from annual profit before tax at 10% during the year and the previous years as per the Jordanian Laws of Banks and Companies and is not available for distribution to shareholders.

### B- Voluntary reserve

This amount represents the accumulated balances transferred from the annual profit before tax that do not exceed 20% during the year and the previous years. The voluntary reserve may be used for such purposes as deemed appropriate by the Board of Directors and is available for distribution wholly or partially by the general assembly as profit to shareholders.

The Bank's general assembly, in its meeting held on 4 May 2020, approved to distribute bonus shares to shareholders at one-half share per existing share, i.e. 50 million shares/ JD.

They are capitalised from the voluntary reserve account. The movement in voluntary reserve is as follows:

Restricted reserves are as follows:

Reserve name	31 December 2021	31 December 2020	Nature of restriction
	JD	JD	
Statutory reserve	97,254,251	96,043,640	Restricted under the Jordanian Companies Law and the Law of Banks.

**(25) Net reserve for valuation of financial assets at fair value after tax**

The movement in this item during the year is as follows:	2021	2020
	JD	JD
Balance at the beginning of the year	4,571,425	2,296,466
Unrealised gains / (losses) - net	2,790,629	(3,887,833)
Transfer from valuation reserve to the statement of income - expected credit losses against debt instruments	434,430	5,235,443
Realised losses / (gains)	393,798	(7,315)
Impact of deferred tax liabilities	(1,145,723)	934,664
<b>Balance at the end of the year**</b>	<b>7,044,559</b>	<b>4,571,425</b>

\*\* The financial assets valuation reserve is shown at fair value net of deferred tax liabilities in an amount of JD (3,700,859) as at 31 December 2021 against JD (2,555,136) as at 31 December 2020. It is not available for transfer to the consolidated statement of income.

**(26) Retained earnings**

The movement in this item during the year is as follows:	2021	2020
	JD	JD
Balance at the beginning of the year	75,381,421	80,186,800
(Losses)/realised on financial assets at fair value through other comprehensive income - Note (8)	(393,798)	7,315
Profit/(loss) for the year - Statement (b)	7,738,243	(4,511,275)
Share capital increase expenses	-	(301,419)
Transferred to reserves	(3,631,833)	-
<b>Balance at the end of the year</b>	<b>79,094,033</b>	<b>75,381,421</b>

Retained earnings include a restricted amount of JD 43,487,269 as at 31 December 2021 according to the request of the Central Bank of Jordan in exchange for deferred tax assets against JD 36,718,616 as at 31 December 2020.

- Retained earnings balance includes an amount of JD 3,009,704 as at 31 December 2021 against an amount of (JD 3,246,661 as at 31 December 2020), that is only available for disposal as per the instructions of the Securities Commission for the impact of the adoption of IFRS (9) at the amount actually realised from it through sale operations, representing financial assets' revaluation differences.
- Disposal of the outstanding balance of financial asset valuation reserve is only permitted under the prior approval of the Central Bank of Jordan.

**(27) Distributed and Suggested Dividends**

The Board of Directors recommended the distribution of cash dividends to shareholders at 7% of the total paid in capital and that from the voluntary reserve. This percentage is subject to the approval of the Central Bank of Jordan and the General Assembly of Shareholders

The Bank's general assembly, approved in its meeting held on 4 May 2020, to distribute bonus shares to shareholders at half share per share, i.e. 50 million shares/ JD. The stock dividends were capitalised from the voluntary reserve balance the subscribed and paid-in capital of the bank after the distribution amounted to 150 million shares/JD (against 100 million shares/JD as at 31 December 2019).

**(28) Interests income**

The details of this item are as follows:

Direct credit facilities:	2021	2020
	JD	JD
<b>Individuals (retail)</b>		
Overdrafts	34,594	4,251
Loans and bills	14,980,273	12,211,673
Credit cards	1,426,219	1,778,327
Real estate mortgage	15,766,268	15,075,986
<b>Companies</b>		
<b>Large</b>		
Overdrafts	8,097,478	8,749,554
Loans and bills	49,295,288	59,721,494
<b>SMEs</b>		
Overdrafts	1,193,416	1,174,841
Loans and bills	6,514,124	6,233,071
<b>Government and public sector</b>	<b>7,610,884</b>	<b>7,915,981</b>
Balances with central banks	3,075,534	4,237,680
Balances and deposits with banks and financial institutions	25,890	340,311
Financial assets at amortised cost	17,293,456	15,131,045
Financial assets at fair value through other comprehensive income	1,850,147	2,934,239
<b>Total</b>	<b>127,163,571</b>	<b>135,508,453</b>

**(29) Interest expense**

The details of this item are as follows:

	2021	2020
	JD	JD
Deposits with banks and banking institutions	2,046,461	2,772,800
<b>Customers' deposits</b>		
Current and held at call accounts	156,139	211,363
Saving deposits	569,242	643,809
Term and call deposits	28,730,061	36,623,293
Certificate of deposits	2,516	592
Cash margins	1,515,571	1,626,272
Borrowings	5,585,795	4,797,489
Deposits guarantees fees	2,362,639	2,372,028
Interests against liabilities of leased assets	1,212,858	1,085,669
Interests against defined benefit obligations	642,226	563,693
<b>Total</b>	<b>42,823,508</b>	<b>50,697,008</b>

**(30) Net commissions income**

The details of this item are as follows:

	2021	2020
	JD	JD
Direct credit facilities commissions	2,326,251	2,474,340
Indirect credit facilities commissions	4,782,100	4,006,398
Other commission	2,554,345	1,950,178
<b>Total</b>	<b>9,662,696</b>	<b>8,430,916</b>

**(31) Foreign currency gain**

The details of this item are as follows:

	2021	2020
	JD	JD
resulting from trading/ transaction	2,728,574	2,937,609
(loss) Profits resulting from valuation	(5,854)	3,141
<b>Total</b>	<b>2,722,720</b>	<b>2,940,750</b>

**(32) Other income**

The details of this item are as follows:

	2021	2020
	JD	JD
Vaults and safes rent	202,964	192,302
Stamp's revenues	29,636	51,579
Credit cards income	5,607,614	5,361,711
Bad debts recovered	885,926	636,994
Telecommunication revenues	93,258	283,453
Transfers income	1,160,154	1,001,732
Gain from sale of property and equipment	4,535	16,550
Recovered from impairment losses on assets held for sale (note 47)	1,529,842	-
Others	2,841,981	2,127,483
<b>Total</b>	<b>12,355,910</b>	<b>9,671,804</b>

**(33) Employee expenses**

The details of this item are as follows:

	2021	2020
	JD	JD
Employees' salaries, benefits and bonuses	24,497,761	23,867,803
Social Security contribution	2,886,336	2,611,304
Medical expenses	1,980,882	1,874,591
Employees training	177,157	159,122
Per diems	259,001	159,866
Employees' life insurance expenses	91,098	195,314
<b>Total</b>	<b>29,892,235</b>	<b>28,868,000</b>

**(34) Other expenses**

The details of this item are as follows:

	2021	2020
	JD	JD
Rent	60,870	63,297
Stationary	585,459	505,562
Advertisement	1,319,939	1,255,420
Subscriptions	281,136	341,663
Communication expenses	1,536,708	1,433,062
Maintenance and repairs	4,723,033	4,322,511
Insurance expenses	1,499,578	1,305,838
Judicial charges and fees	190,205	212,714
Electricity, water and fuel	642,794	494,274
Fees, levies and stamps	1,344,303	1,076,481
Professional fees	307,307	141,038
Card service expenses	4,378,826	3,959,510
Transportation expenses	251,213	146,849
Corresponding bank service expenses	373,019	294,917
Safety and security services	529,310	370,589
Donations and social responsibility	545,770	2,563,441
Hospitality	123,263	68,105
Board of Directors remunerations	90,000	25,000
Seized assets provisions	4,392,387	365,428
Loss on sale of seized assets	2,319,793	533,974
Management fees	-	904,684
Impairment losses of assets held for sale	-	35,160
Amortisation of right of use leased assets	2,712,528	2,163,762
Others	4,398,192	3,321,425
<b>Total</b>	<b>32,605,633</b>	<b>25,904,705</b>

**(35) (Loss) earnings per share for the year attributable to the Bank's shareholders  
(basic and diluted)**

The details of this item are as follows:

	2021	2020
	JD	JD
Profit (Loss) for the year	7,738,243	(4,511,275)
Profit (Loss) for the year from continuing operations	7,738,243	(3,972,460)
Loss for the year from discontinued operations	-	(538,815)
	Share	Share
Weighted average of the number of shares	150,000,000	150,000,000
	JD/ share	JD/ share
(Loss) earnings per share for the year (Basic and diluted)		
Profit (Loss) for the year	0.052	(0.030)
Profit (Loss) for the year from continuing operations	0.052	(0.026)
(Loss) for the year from discontinuing operations	-	(0.004)

**(36) Cash and cash equivalents**

	2021	2020
	JD	JD
Cash and balances at Central Banks with maturity within three months	317,205,145	361,869,605
<u>Add:</u> Balances at banks and financial institutions with maturity within three months	142,138,455	136,758,518
<u>Less:</u> Deposits at banks and financial institutions with maturity within three months	129,331,447	46,793,738
Restricted balances - Note (5)	2,543,992	2,508,347
<b>Total</b>	<b>327,468,161</b>	<b>449,326,038</b>

**(37) Transactions with related parties**

The bank has entered into transactions with subsidiaries, sister companies, major shareholders, members of the board of directors and senior management within the normal activities of the bank, using interest rates and commercial commissions. All credit facilities granted to related parties are considered operational and no provisions were taken for them as of the date of the consolidated financial statements.

Transactions with related parties during the year summarized as follows:

31 December 2021	Related party								Total	
	Affiliates		Subsidiaries		Directors *		Executive Directors			Other **
	JD	JD	JD	JD	JD	JD	JD	JD		
<b>Items in the consolidated statement of financial position:</b>										
Direct credit facilities *	38,161,200	1,149,649	-	65,207	342,927	-	-	-	39,718,982	
Deposits at banks and financial institutions	23,086,597	-	-	-	-	6,435,084	-	-	29,521,681	
Customers' deposits	-	51,514	71,876,157	-	1,350,031	885,252	-	-	74,162,953	
Deposits with the banks and banking corporates	-	-	-	-	-	-	-	-	230,979	
Cash margins	-	4,000	-	-	-	15,125	-	-	19,125	
Financial assets at fair value through comprehensive income	18,319,142	-	-	-	-	14,269,220	-	-	32,588,362	
Right of use of leased assets	-	-	346,545	-	-	-	-	-	346,545	
Liabilities against the right of use assets	-	-	294,297	-	-	-	-	-	294,297	
Bonds	-	5,000,000	-	-	-	-	-	-	5,000,000	
<b>Items off the consolidated statement of financial position:</b>										
Guarantees	3,833,600	1,190,858	-	-	1,000	2,560,585	-	-	7,586,043	
Letters of credit	-	-	-	-	-	4,254,000	-	-	4,254,000	
<b>Items on the consolidated statement of income:</b>										
Interest and commissions income ***	2,075,549	101,510	82,368	18,647	9,661	2,287,735	-	-	2,287,735	
Interests and commissions expense ****	60,759	-	1,664,485	25,611	302,167	2,053,022	-	-	2,053,022	
Financial asset dividends	162,690	-	-	-	-	297,628	-	-	460,318	
Amortisation of right of use leased assets	-	-	29,999	-	-	-	-	-	29,999	
Interests against liabilities of leased assets	-	-	40,035	-	-	-	-	-	40,035	

## Notes to the consolidated financial statements as at 31 december 2021

31 December 2020	Related party					Total
	Affiliates	Subsidiaries	Directors *	Executive Directors	Other **	
	JD	JD	JD	JD	JD	
<b>Items in the consolidated statement of financial position:</b>						
Direct credit facilities *	-	57,645	1,587,268	2,126,358	-	3,771,271
Deposits at banks and financial institutions	67,960,882	-	-	-	2,535,208	70,496,090
Deposits	-	61,309,180	88	1,063,795	1,365,973	63,739,036
Deposits at banks and financial institutions	225,708	-	-	-	-	225,708
Cash margins	-	-	-	-	13,175	13,175
Financial assets at fair value through comprehensive income	21,969,533	-	-	-	13,186,506	35,156,039
Assets held for sale	-	-	-	5,642,817	-	5,642,817
Liabilities directly associated with assets held for sale	-	-	-	1,529,164	-	1,529,164
Right of use of leased assets	-	376,569	-	-	-	376,569
Liabilities against the right of use assets	-	320,569	-	-	-	320,569
Bonds	-	5,000,000	-	-	-	5,000,000
<b>Items off the consolidated statement of financial position:</b>						
Guarantees	3,833,600	10,300	67,858	-	1,439,064	5,350,822
Letters of credit	70,905	-	-	-	4,268,180	4,339,085
<b>Items on the consolidated statement of income:</b>						
Interest and commissions income ***	171,744	9,630	6,925	102,111	11,113	301,523
Interests and commissions expense ****	1,354,617	3,482,690	-	22,556	184,982	5,044,845
Management fees	904,684	-	-	-	-	904,684
Financial asset dividends	2,458,035	-	-	-	-	2,458,035
Amortisation of right of use leased assets	-	4,184	-	-	-	4,184
Interests against liabilities of leased assets	-	9,728	-	-	-	9,728

\* Direct credit facilities granted to the board of directors and executive directors include an amount of JD 96,005 relating to credit granted to board members of Ijarah Financial Leasing Company (a subsidiary company) and JD 9,852 to the United Financial Investments Company (subsidiary) and related parties as at 31 December 2021.

\*\* Represents companies in which the bank has the right to vote at their board meetings.

\*\*\* Interest income rates ranges from (0.75)% to (8)%.

\*\*\*\* Interest expense rates range from (0.1)% to (3.75)%.

The bank is represented by two board members United Financial Investments Company's board of directors, three members in Ejara Finance Leasing Company's board of directors and two members in The Specialized Managerial Company for Investment and Financial Consultation's board of directors.

### Executive management salaries and remuneration

Salaries of executive management of the Bank and its subsidiaries amounted to JD 3,366,416 for the year 2021 compared to JD 3,777,624 for the year 2020.

## (38) Fair value of financial assets and financial liabilities that are not shown at fair value in the consolidated financial statements

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

## (39) Risk Management

A- The responsibilities of the Risk Management Department of the Bank include all the Bank's departments and branches operating inside and outside the Kingdom as well as its subsidiaries through identifying, determining, measuring and managing risks under international best practices and within the limits of the functions and responsibilities of Risk Management.

The responsibilities of the Risk Management Department in the Bank include the following areas:

### **Credit risk:**

This represents the potential loss resulting from the customer's inability or unwillingness to meet its obligations on time. These risks are one of the most significant risks to Banks.

### **Market risk:**

This represents the losses that the Bank may be exposed to as a result of any financial positions on or off the balance sheet due to any changes occurring in the market prices.

### **Liquidity risk:**

This represents the losses that the Bank may be exposed to due to lack of funds needed to finance the increase of its investments or to repay its obligations when they become due on time with appropriate cost. (This is part of asset and liability management (ALM). Reports, in this regard, are prepared by Risk Management).

### **Interest rate risk:**

This represents the exposure to adverse movements in interest rates that affects the profitability of the Bank due to the change in net interest income and in the economic value of the cash flows of assets and liabilities.

### **Operational risk:**

This represents the loss resulting from the failure or inadequacy of internal procedures, human element, systems, or external events. This definition includes legal risk but not the strategic and reputation risk.

### **Information security & business continuity management risks:**

This represents the loss resulting from the use of information by unauthorised persons, or the disclosure, distribution, modification, destruction or deletion of such information. This definition applies to any type of information whether written on paper or in a file on Internet. This also includes business continuity and disaster recovery.

## Detailed responsibilities and functions of risk management sections

### 1. Credit Risk:

- The Risk Management Department reviews the credit policy periodically and in coordination with the representatives of corporate and individual facilities. The policy is the indicator and the basic guide for the different duty stations in clarifying the degree of credit risk acceptable to these stations.
- Opinions on credit applications are expressed by the Risk Management within the credit terms specified by the Board without financial responsibility.
- The internal credit rating system is reviewed and evaluated independently of the credit marketing departments through the Risk Management. The Bank has a system documented and approved by the Board. Any element that may contribute to the expectation of a client's default is taken into consideration, which helps in measuring and classifying customer risks. This should facilitate the decision-making process, pricing facilities and determining customer and product profitability, credit management and the review and analysis of credit portfolio. In addition, it helps to retain the necessary data that facilitate the application of foundation internal ratings-based approach (FIRB) to credit risk within the Basel requirements. An automated credit rating system is implemented to support this. The Scoring Card System is used in the same framework.
- The Risk Department recommends, independently of the credit marketing departments, to set specific controls and limits, documented with clear policies and procedures to ensure compliance therewith. Such limits are reviewed periodically and adjusted, if necessary. There are specific limits set out and approved by the Board of Directors in dealing with banks, countries and various economic sectors. One of its tasks includes defining limits for any possible concentration of credit guarantees or products.
- The Risk Management Department prepares an analysis of the credit portfolio whereby the Board of Directors is clearly provided with an indication of the quality and different ratings thereof. The Board is also provided with any concentrations as well as historical benchmarking comparisons along with the banking sector where possible. Thereafter, appropriate recommendations to mitigate existing risks are made.

### 2. Market Risk:

The Bank has specific policies and procedures approved by the Board of Directors for identifying, measuring, monitoring and controlling the market risk. These are periodically reviewed, and the implementation thereof is monitored. Such policies include:

- Investment policy: the representatives of Treasury and Risk Departments develop and review this policy and amend it annually, if required. They also present it to the Investment Committee and the Assets and Liabilities Committee.
- The Bank has a written market risk policy approved by the Board of Directors that describes how to identify, measure, control and mitigate market risks. The Bank also has written policies approved by the Board of Directors, which define the fundamentals of portfolio management and investment funds, including operational bases, desired investment instruments and effective controls, in addition to a policy clarifying the basis for dealing between the Bank and its customers in convertible foreign currencies and major precious metals on a margin basis. The Risk Management Department develops such policies in cooperation with the concerned departments. Periodic (daily and monthly) reports are submitted by Middle Office under market risk/ risk management for adherence with the above policies.
- The Risk Management Department prepares Value at Risk ('VAR') and measures sensitivity analysis, interest rate risk, limits and other reports included in the relevant policies approved.

### 3. Liquidity Risk:

- The Risk Management Department, in cooperation with the Treasury Department, develops / updates a written policy for liquidity risk management which is approved by the Board of Directors of the Bank.
- The Risk Management Department monitors the Bank's commitment to liquidity ratios set by the Central Bank of Jordan and the supervisory authorities under which the Bank's branches operate. The Bank's liquidity is monitored on a daily basis by the Treasury Department.
- Liquidity is also monitored by the Asset and Liability Management Committee chaired by the Director General and comprises the Head of Risk Management. It is governed by the ALCO Policy through periodic reports prepared by the Risk Management Departments and the Treasury Department. They are presented and considered by the Committee members who make appropriate recommendations in this regard.
- The Risk Management Department, in coordination with the Treasury Department, prepares a written policy for a Liquidity Contingency Plan to address any liquidity problems at the Bank, at various levels and scenarios, which is approved by the Board of Directors of the Bank.

#### 4. Operational Risk:

- The Risk Management Department prepares, and reviews documented policies and procedures for identifying, evaluating, mitigating and controlling operational risks. This is done to ensure compliance with the Basel requirements and to enhance the efficiency and effectiveness of the Bank's control environment. The Bank uses an automated operational risk system covering the Self-Assessment areas and Events Collection system and identifies and analyses Key Risk Indicators (KRI) to the Bank's operation centres.
- The Risk Management Department combines the tasks of different risk management when setting controls and procedures to make sure that all risks are covered and to achieve the Enterprise Risk Management concept. The Bank also has Standard Operating Procedures (SOP's) working procedures documented, reviewed and adjusted periodically by the concerned departments and under the supervision of the Operations Development Department. Any procedures that are modified or developed, including any new products, are presented to departments of internal audit, compliance and risks to study possible risks and adequacy of existing controls.

#### 5. Information Security & Business Continuity Management:

- The Risk Management Department develops a clear, documented, and approved Business Continuity Plan. The necessary tests are made regularly thereto, in accordance with the broad concept of Business Continuity Management supported by the DRS automated system for more efficient business continuity management, and in line with the instructions issued by the Central Bank of Jordan, and in accordance with international best practices in this regard.
- A team for Information Technology Security has been mobilised, reporting directly to Risk Management in order to support them. Such team is independent in its reporting from the Director of Information Systems Department. This is done in accordance with the international best practices including the ISO27001 and PCI requirements.
- Risk Management participates in the preparation of an appropriate risk assessment in the event of a new activity or product on the verge of being launched in a particular market.

#### 6. Interest Rate Risk:

The Risk Management Department prepares a documented interest rate risk policy that governs the identification, measurement and control of interest rate risk within the ALM's framework - ALCO, approved by the Board of Directors. The Risk Management Department prepares the necessary reports and submits to the ALCO Committee in the Bank.

#### 7. Compliance with Basel requirements:

The Department oversees the implementation of the requirements of the various Basel decisions, including the accounting of Basel III capital adequacy ratios including liquidity ratios, and effectively contributes to capital budgeting.

The Department prepares stress tests, evaluates internal capital and issues analytical reports on capital.

The Department also issues various financial analyses of banks with the preparation of new analyses specialised in specific aspects by taking advantage of the disclosures issued by banks.

## Notes to the consolidated financial statements as at 31 december 2021

### Credit risk exposures after netting related provisions, interest in suspense and collaterals:

	31 December 2021	31 December 2020
	JD	JD
<b>Items in the consolidated statement of financial position</b>		
Balances at central banks	255,409,613	297,372,740
Balances at banks and financial institutions	142,138,456	136,758,518
<b>Direct credit facilities:</b>		
<b>For individuals</b>	<b>242,468,901</b>	<b>184,421,832</b>
Real estate mortgage	221,765,313	190,600,214
<b>For corporates</b>		
Large companies	914,414,231	946,184,834
SMEs	131,235,592	122,974,509
<b>For government and public sector</b>	<b>177,402,774</b>	<b>112,331,444</b>
<b>Bills, bonds and notes:</b>		
Within financial assets at fair value through other comprehensive income	29,660,562	42,577,182
Within financial assets at amortised cost	494,569,305	402,110,610
<b>Other assets</b>	<b>38,278,077</b>	<b>29,233,026</b>
<b>Items off the consolidated statement of financial position</b>		
Guarantees	221,364,280	228,453,152
Letters of credit	44,167,815	38,102,803
Acceptances	30,516,124	15,815,575
Utilised facilities (direct and indirect)	356,998,821	316,402,478
<b>Total</b>	<b>3,300,389,864</b>	<b>3,063,338,917</b>

The following is the distribution of the fair value of collaterals provided against direct credit facilities which are valued as per the requirements of the Central Bank of Jordan by independent experts at least once every two years, while the cash deposits balance is presented at fair value based on the exchange rates issued by the Central Bank of Jordan and are accounted for individually provided that the cash deposits balance does not exceed credit facilities balance in all cases:

#### Distribution of fair value of collaterals against credit exposures as at 31 December 2021

	Collateral Fair Value												Expected credit loss						
	Gross amount of exposure		Cash deposits		Quoted shares		Bank guarantees accepted		Real estate		Vehicles and machineries			Other		Gross amount of collaterals		Net exposures after collaterals	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD		JD	JD	JD	JD	JD	JD
Balances at central banks	255,409,613	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	255,409,613	-	
Balances at banks and financial institutions	148,254,854	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	148,254,854	5,915,206	
<b>Direct credit facilities:</b>																			
Retail	263,207,395	2,190,512	4,255,624	-	59,083,746	20,065,280	267,686	85,862,848	177,344,547	19,092,565									
Real estate mortgage	255,897,699	4,135,416	1,887,443	7,655,349	328,948,163	1,884,609	545,002	345,055,982	-	24,672,970									
Large companies	1,002,436,218	13,323,813	145,381,215	13,297,943	317,901,178	4,230,918	3,147,213	497,282,279	505,153,939	72,245,589									
SMEs	143,582,104	18,892,516	15,205,335	-	69,982,853	13,100,940	19,621,568	136,803,213	6,778,891	9,697,676									
Government and public sector	177,939,198	-	-	-	-	-	-	-	-	536,424									
<b>Bills, bonds and notes:</b>																			
Within financial assets at fair value through the statement of comprehensive income	29,660,562	-	-	-	-	-	-	-	-	607,970									
Within financial assets at amortised cost	497,215,736	-	6,992,031	-	9,390,766	-	-	16,382,797	480,832,939	2,646,431									
<b>Other assets</b>	39,252,700	-	-	-	1,325,639	-	-	-	-	-									
<b>Total</b>	<b>2,812,856,080</b>	<b>38,542,258</b>	<b>173,721,648</b>	<b>20,953,291</b>	<b>786,632,344</b>	<b>39,281,748</b>	<b>23,581,469</b>	<b>1,081,387,118</b>	<b>1,819,301,606</b>	<b>135,414,832</b>									
Financial guarantees	223,681,984	34,862,193	8,734,717	412,345	64,393,402	1,018,405	1,960,974	111,382,036	112,299,948	2,317,704									
Letters of credit	44,478,714	1,868,116	-	-	2,412,496	52,965	125,440	4,459,016	40,019,698	310,899									
Other liabilities	390,463,199	23,689,360	10,413,948	-	65,813,701	2,728,205	4,700,240	107,345,453	283,117,746	2,948,255									
<b>Total</b>	<b>658,623,897</b>	<b>60,419,669</b>	<b>19,148,665</b>	<b>412,345</b>	<b>132,619,598</b>	<b>3,799,575</b>	<b>6,786,653</b>	<b>223,186,505</b>	<b>435,437,392</b>	<b>5,576,858</b>									
<b>Grand Total</b>	<b>3,471,479,977</b>	<b>98,961,926</b>	<b>192,870,312</b>	<b>21,365,636</b>	<b>919,251,942</b>	<b>43,081,323</b>	<b>30,368,122</b>	<b>1,304,573,623</b>	<b>2,254,738,998</b>	<b>140,991,689</b>									

The following is the distribution of the fair value of collaterals provided against direct credit facilities which are valued as per the requirements of the Central Bank of Jordan by independent experts at least once every two years, while the cash deposits balance is presented at fair value based on the exchange rates issued by the Central Bank of Jordan and are accounted for individually provided that the cash deposits balance does not exceed credit facilities balance in all cases:

#### Distribution of fair value of collaterals against credit exposures as at 31 December 2020:

	Collateral Fair Value												Net exposures after collaterals	Expected credit loss				
	Gross amount of exposure		Cash deposits		Quoted shares		Bank guarantees accepted		Real estate		Vehicles and machineries				Other		Gross amount of collaterals	
	JD		JD		JD		JD		JD		JD				JD		JD	
Balances at central banks	297,372,740		-		-		-		-		-		-		-		297,372,740	-
<b>Balances at banks and financial institutions</b>	<b>142,808,362</b>		-		-		-		-		-		-		-		<b>142,808,362</b>	<b>5,968,773</b>
<b>Direct credit facilities:</b>																		
Retail	202,288,098		2,281,274		196,636		-		44,516,572		21,236,340		314,982		68,545,803		133,742,294	16,387,972
Real estate mortgage	221,155,759		2,797,384		-		-	304,484,324		2,001,957		223,795		309,507,460		-	22,961,285	
Large companies	1,027,880,830		16,264,602		101,599,579		20,961,699	366,083,537		11,518,214		1,671,823		518,099,456		509,781,375	67,607,919	
SMEs	132,436,439		14,311,580		6,909,820		69,265,785		13,284,241		16,120,717		119,892,143		12,544,296		8,037,169	
Government and public sector	112,438,870		-		-		-	-	-	-	-	-	-	-	-	-	112,438,870	107,426
<b>Bills, bonds and notes:</b>																		
Within financial assets at fair value through the statement of comprehensive income	44,566,152		-		7,264,028		-	8,590,602		-		-	-	15,854,630		28,711,522	1,988,969	
Within financial assets at amortised cost	402,110,610		-		-		-	-	-	-	-	-	-	-		402,110,610	-	
Other assets	29,233,026		-		-		-	-	-	-	-	-	-	-		29,233,026	-	
<b>Total</b>	<b>2,612,290,887</b>		<b>35,654,839</b>		<b>115,970,064</b>		<b>20,961,699</b>	<b>792,940,821</b>		<b>48,040,752</b>		<b>18,331,317</b>		<b>1,031,899,492</b>		<b>1,668,743,095</b>	<b>123,059,514</b>	
Financial guarantees	231,865,186		25,562,941		7,358,992		403,937	65,830,148		1,201,732		1,738,937		102,096,686		129,768,499	3,412,034	
Letters of credit	38,279,039		1,737,525		56,537		-	2,431,764		19,029		19,738		4,264,593		34,014,446	176,236	
Other liabilities	335,519,081		20,571,692		52,592,369		-	73,701,498		2,812,437		4,151,013		153,829,010		181,690,071	3,300,027	
<b>Total</b>	<b>605,663,306</b>		<b>47,872,158</b>		<b>60,007,898</b>		<b>403,937</b>	<b>141,963,410</b>		<b>4,033,198</b>		<b>5,909,688</b>		<b>260,190,289</b>		<b>345,473,017</b>	<b>6,888,297</b>	
<b>Grand Total</b>	<b>3,217,954,192</b>		<b>83,526,998</b>		<b>175,977,962</b>		<b>21,365,636</b>	<b>934,904,230</b>		<b>52,073,950</b>		<b>24,241,005</b>		<b>1,292,089,781</b>		<b>2,014,216,112</b>	<b>129,947,811</b>	

## Notes to the consolidated financial statements as at 31 december 2021

### Scheduled debts

These are the debts that were previously classified as non-performing credit facilities and were taken out of the classification of non-performing credit facilities under a rescheduling agreement and classified as watch list, total debts rescheduled amounted to JD 42,258,899 during 2021 and were classified as watch list, rescheduled debts balance during 2020 amounted to JD 14,033,426.

### Restructured debt

Restructuring refers to the rearrangement of credit facilities position in terms of instalments, extending the life of credit facilities, deferring certain instalments or extending the grace period, restructured but not classified debts' balance amounted to JD 17,402,034 during 2021 (compared to JD 10,808,718 during 2020).

### Bills, bonds and notes

The following table describes classification of bills, bonds and notes as per the external rating institutions as at 31 December 2021 and 2020:

Grade Classification	Institutions Classification	Under assets Financial assets at fair value through comprehensive income	Under assets Financial assets at amortised cost	31 December 2021
		JD	JD	2021
CC	Fitch	691,275	-	691,275
B1	Moody's	23,206,261	-	23,206,261
B2	Moody's	-	6,245,547	6,245,547
B3	Moody's	763,026	-	763,026
Government		-	482,250,189	482,250,189
Unrated		5,000,000	8,720,000	13,720,000
<b>Total</b>		<b>29,660,562</b>	<b>497,215,736</b>	<b>526,876,298</b>

Grade Classification	Institutions Classification	Under assets Financial assets at fair value through comprehensive income	Under assets Financial assets at amortised cost	31 December 2020
		JD	JD	2020
BB	S&P	2,162,446	-	2,162,446
+B	S&P	725,361	-	725,361
B1	Moody's	24,172,900	-	24,172,900
BAA3	Moody's	2,306,131	-	2,306,131
Government	-	-	402,110,610	402,110,610
Unrated	-	13,210,345	-	13,210,345
<b>Total</b>		<b>42,577,183</b>	<b>402,110,610</b>	<b>444,687,793</b>

## Distribution of fair value of collaterals against credit exposures for stage 3 for 2021:

	Collateral Fair Value												Expected credit loss							
	Gross amount of exposure		Cash deposits		Quoted shares		Bank guarantees accepted		Real estate		Vehicles and machineries			Other		Gross amount of collaterals		Net exposures after collaterals		
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD		JD	JD	JD	JD	JD	JD	
Balances at central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balances at banks and financial institutions	6,049,582	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,049,582	-	5,968,773	
<b>Direct credit facilities:</b>																				
Retail	11,973,741	50,373	-	-	-	-	2,661,388	4,028,306	20,000	6,760,067	5,213,674	8,695,694								
Real estate mortgage	40,300,408	941	-	-	-	-	31,321,807	279,083	-	31,601,831	8,698,577	17,384,231								
Large companies	112,222,165	2,926,484	171,701	-	-	-	53,607,501	31,500	-	56,737,186	55,484,979	55,509,665								
SMEs	10,347,018	98,373	-	-	-	-	7,463,623	2,451,268	158,978	10,172,241	174,776	5,605,664								
<b>Bills, bonds and notes:</b>																				
Within financial assets at fair value through the statement of comprehensive income	9,180,155	-	7,264,028	-	-	-	8,690,602	-	-	15,854,630	-	918,022								
<b>Total</b>	<b>190,073,068</b>	<b>3,076,170</b>	<b>7,435,729</b>	<b>-</b>	<b>103,644,920</b>	<b>6,790,157</b>	<b>178,978</b>	<b>121,15,955</b>	<b>75,621,588</b>	<b>94,082,050</b>	<b>438,089</b>	<b>1,749,925</b>								
Financial guarantees	956,662	57,600	-	-	413,892	47,082	-	518,573	438,089	1,749,925										
Other liabilities	522,075	10,654	169	-	403,425	51,149	-	465,396	56,678	275,368										
<b>Total</b>	<b>1,478,737</b>	<b>68,254</b>	<b>169</b>	<b>-</b>	<b>817,316</b>	<b>98,231</b>	<b>-</b>	<b>983,970</b>	<b>494,768</b>	<b>2,025,293</b>										
<b>Grand Total</b>	<b>191,551,805</b>	<b>3,144,424</b>	<b>7,435,898</b>	<b>-</b>	<b>104,462,236</b>	<b>6,888,388</b>	<b>178,978</b>	<b>122,109,924</b>	<b>76,116,356</b>	<b>96,107,343</b>										

## Distribution of fair value of collaterals against credit exposures for stage 3 for 2020:

	Collateral Fair Value												Expected credit loss							
	Gross amount of exposure		Cash deposits		Quoted shares		Bank guarantees accepted		Real estate		Vehicles and machineries			Other		Gross amount of collaterals		Net exposures after collaterals		
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD		JD	JD	JD	JD	JD	JD	
Balances at central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balances at banks and financial institutions	6,116,399	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,116,399	-	5,915,206	
<b>Direct credit facilities:</b>																				
Retail	13,043,545	20,452	850,936	-	1,842,413	4,739,786	-	7,453,587	5,589,958	9,404,206										
Real estate mortgage	44,012,356	25,312	-	-	38,818,451	190,806	-	39,034,568	4,977,788	20,060,221										
Large companies	72,748,172	3,109,353	434,779	-	25,590,519	63,000	-	29,197,651	43,550,521	41,137,938										
SMEs	17,519,314	111,073	934,915	-	11,727,997	3,425,847	-	16,744,992	774,322	9,181,552										
<b>Bills, bonds and notes:</b>																				
Within financial assets at fair value through the statement of comprehensive income	691,275	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	691,275	-	412,876	
Within financial assets at amortised cost	8,720,000	-	6,992,031	-	9,390,766	-	-	16,382,797	-	2,418,022										
<b>Total</b>	<b>162,851,060</b>	<b>3,266,190</b>	<b>9,212,661</b>	<b>-</b>	<b>87,370,146</b>	<b>8,419,439</b>	<b>545,159</b>	<b>108,813,595</b>	<b>61,700,261</b>	<b>88,530,021</b>										
Financial guarantees	845,008	77,335	-	-	445,779	58,958	566	582,638	262,370	527,059										
Letters of credit	-	-	-	-	-	-	-	-	-	-										
Other liabilities	237,622	19,155	5,153	-	174,441	14,645	-	213,394	24,228	135,583										
<b>Total</b>	<b>1,082,631</b>	<b>96,489</b>	<b>5,153</b>	<b>-</b>	<b>620,220</b>	<b>73,603</b>	<b>566</b>	<b>796,032</b>	<b>286,599</b>	<b>662,642</b>										
<b>Grand Total</b>	<b>163,933,690</b>	<b>3,362,680</b>	<b>9,217,814</b>	<b>-</b>	<b>87,990,366</b>	<b>8,493,043</b>	<b>545,726</b>	<b>109,609,627</b>	<b>61,986,860</b>	<b>89,192,663</b>										

## A- Total distribution of exposures by financial instruments

31 December 2021	Financial		Manufacturing		Commercial		Properties		Agricultural		Shares		Individuals		Government and public sector		Services		Other		Total	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	255,409,613	-	-	-	-	-	255,409,613
Balances at banks and financial institutions	140,872,591	-	-	-	-	-	-	-	-	-	1,265,865	-	-	-	-	-	-	-	-	-	-	142,138,456
Credit facilities	92,755,784	340,867,832	231,486,201	220,846,746	30,859,538	3,794,998	257,156,203	177,402,768	332,116,741	-	-	-	-	-	-	-	-	-	-	-	-	1,687,286,812
<b>Bills, bonds and notes:</b>																						
Within financial assets at fair value through the statement of other comprehensive income.	5,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-	24,660,562	-	-	-	-	-	-	29,660,562
Within financial assets at amortised cost	-	-	6,301,978	-	-	-	-	-	-	-	-	-	-	-	488,267,327	-	-	-	-	-	-	494,569,305
Other assets	36,952,438	-	-	-	-	-	-	-	-	-	-	-	1,325,639	-	-	-	-	-	-	-	-	38,278,077
Financial guarantees	42,416,024	36,799,065	36,814,263	-	1,387,115	1,072,240	1,403,699	-	101,471,873	-	-	-	-	-	-	-	-	-	-	-	-	221,364,280
Letters of credit	4,251,917	10,630,352	25,254,616	-	308,499	-	-	-	3,722,431	-	-	-	-	-	-	-	-	-	-	-	-	44,167,815
Other liabilities	15,108,388	100,342,501	134,390,768	-	14,187,861	810,732	26,503,929	-	96,170,765	-	-	-	-	-	-	-	-	-	-	-	-	387,514,945
<b>Grand Total</b>	<b>337,357,141</b>	<b>488,639,750</b>	<b>434,247,826</b>	<b>220,846,746</b>	<b>46,743,014</b>	<b>6,943,835</b>	<b>286,389,471</b>	<b>945,740,271</b>	<b>533,481,810</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,300,389,865</b>

## B- Distribution of exposures by classification stages under IFRS 9

	Stage 1 Individuals		Stage 1 Collective		Stage 2 Individuals		Stage 2 Collective		Stage 3		Total	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Financial	299,755,591	-	-	-	600,042	-	-	-	49,071	-	-	300,404,703
Industrial	430,787,524	-	-	-	48,370,923	-	-	-	9,481,303	-	-	488,639,750
Commercial	389,898,510	-	-	-	30,965,832	-	-	-	13,383,484	-	-	434,247,826
Properties	183,499,044	-	-	-	24,750,363	-	-	-	12,597,340	-	-	220,846,746
Agricultural	34,634,316	-	-	-	11,944,423	-	-	-	164,275	-	-	46,743,014
Shares	6,943,835	-	-	-	-	-	-	-	-	-	-	6,943,835
Individuals	263,996,642	-	-	-	12,700,146	-	-	-	8,367,044	-	-	285,063,831
Government and public sector	945,048,996	-	-	-	-	-	-	-	691,275	-	-	945,740,271
Services	497,716,941	-	-	-	32,471,767	-	-	-	3,293,101	-	-	533,481,810
Others	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3,052,281,398</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>161,803,496</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>48,026,893</b>	<b>-</b>	<b>-</b>	<b>3,262,111,787</b>

31 December 2020	Financial		Manufacturing		Commercial		Properties		Agricultural		Shares		Individuals		Government and public sector		Services		Other		Total	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	0	-	-	-	-	-	-	-	-	-	-	-	-	-	297,372,740	-	-	-	-	-	-	297,372,740
Balances at banks and financial institutions	136,217,561	-	-	-	-	-	-	-	-	-	540,957	-	-	-	-	-	-	-	-	-	-	136,758,518
Credit facilities	61,592,440	347,149,023	236,628,918	173,901,107	30,624,965	2,476,157	220,921,045	112,331,444	370,887,733	-	-	-	-	-	-	-	-	-	-	-	-	1,556,512,832
<b>Bills, bonds and notes:</b>																						
Within financial assets at fair value through the statement of other comprehensive income.	4,948,212	-	8,262,132	-	-	-	-	-	-	-	-	-	-	-	24,898,262	-	-	-	-	-	-	42,577,182
Within financial assets at amortised cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	402,110,610	-	-	-	-	-	-	402,110,610
Other assets	25,403,292	-	-	-	-	-	3,829,734	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29,233,026
Financial guarantees	33,837,445	39,508,122	40,162,318	-	1,568,102	1,933,036	3,490,641	-	-	-	-	-	-	-	-	-	-	107,953,489	-	-	-	228,453,152
Letters of credit	4,229,345	11,395,154	19,356,863	-	138,693	-	195,361	-	-	-	-	-	-	-	-	-	-	2,787,387	-	-	-	38,102,803
<b>Other liabilities</b>	17,416,185	62,154,699	127,461,391	-	8,904,387	1,097,942	32,626,279	-	-	-	-	-	-	-	-	-	-	82,557,170	-	-	-	332,218,054
<b>Grand Total</b>	<b>283,644,481</b>	<b>460,206,998</b>	<b>431,871,623</b>	<b>177,730,841</b>	<b>41,236,147</b>	<b>6,048,091</b>	<b>257,233,325</b>	<b>836,713,056</b>	<b>568,654,355</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,063,338,917</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,063,338,917</b>

## Distribution of exposures by classification stages under IFRS 9

	Stage 1 Individuals		Stage 1 Collective		Stage 2 Individuals		Stage 2 Collective		Stage 3		Total	
	JD		JD		JD		JD		JD		JD	
Financial	283,575,202		-		11,686		-		57,593		283,644,481	
Industrial	397,834,052		-		49,607,462		-		12,765,485		460,206,998	
Commercial	380,727,542		-		34,494,566		-		16,649,514		431,871,623	
Properties	137,576,212		-		23,292,977		-		16,861,652		177,730,841	
Agricultural	30,371,879		-		31,388		-		10,832,880		41,236,147	
Shares	6,048,091		-		-		-		-		6,048,091	
Individuals	223,154,715		-		11,016,608		-		23,062,003		257,233,325	
Government and public sector	836,713,056		-		-		-		-		836,713,056	
Services	539,374,040		-		28,112,460		-		1,167,855		568,654,355	
<b>Total</b>	<b>2,835,374,790</b>		<b>-</b>		<b>146,567,147</b>		<b>-</b>		<b>81,396,981</b>		<b>3,063,338,917</b>	

## Comparison of the credit exposures as per the classification instructions No. (47/2009) and comparatively with IFRS (9) for 2021:

As per the classification instructions No. (47/2009)						
Item	Total	Interest in suspense	Balance	Provision		
Performing	1,543,974,609	82,239	1,543,892,370	-		
Watch list	153,338,274	2,586,103	150,752,170	20,704,847		
Non-performing	145,749,731	26,862,235	118,887,496	79,011,891		
Sub-standard	8,255,872	73,094	8,182,778	1,465,545		
Doubtful	9,375,463	347,292	9,028,171	3,444,208		
Loss	128,118,396	26,441,849	101,676,548	74,102,137		
<b>Total</b>	<b>1,988,812,345</b>	<b>56,392,812</b>	<b>1,932,419,533</b>	<b>178,728,629</b>		

Item	As per IFRS (9)			As per IFRS (9)			As per IFRS (9)		
	Stage 1			Stage 2			Stage 3		
	Total	ECL	Interest in suspense	Total	ECL	Interest in suspense	Total	ECL	Interest in suspense
Performing	1,511,901,055	22,701,990	32,766	30,705,606	1,533,404	1,179	2,121,026	568,934	18,812
Watch list	-	-	-	152,686,668	22,225,901	2,570,816	910,076	188,097	15,288
Non-performing	105,932	-	-	339,967	12	-	144,292,284	79,026,886	26,891,718
Sub-standard	-	-	-	-	-	-	6,083,816	1,345,779	1,668
Doubtful	-	-	-	-	-	-	6,120,722	3,095,902	215,156
Loss	105,932	-	-	339,967	12	-	132,087,746	74,585,205	26,674,893
<b>Total</b>	<b>1,512,006,987</b>	<b>22,701,990</b>	<b>32,766</b>	<b>183,732,241</b>	<b>23,759,317</b>	<b>2,571,994</b>	<b>147,323,386</b>	<b>79,783,917</b>	<b>26,925,818</b>

## Comparison of the credit exposures as per the classification instructions No. (47/2009) and comparatively with IFRS (9) for 2020:

As per the classification instructions No. (47/2009)						
Item	Total	Interest in suspense	Balance	Provision		
Performing	1,405,946,495	133,579	1,405,812,916	-		
Watch list	108,010,602	148,752	107,861,850	1,735,331		
Non-performing	182,242,899	24,303,061	157,939,838	89,750,610		
Sub-standard	4,036,808	59,975	3,976,832	807,204		
Doubtful	34,249,587	1,084,332	33,165,255	13,645,465		
Loss	143,956,505	23,158,754	120,797,751	75,297,940		
<b>Total</b>	<b>1,696,199,997</b>	<b>24,585,392</b>	<b>1,671,614,604</b>	<b>91,485,940</b>		

Item	As per IFRS (9)			As per IFRS (9)			As per IFRS (9)		
	Stage 1			Stage 2			Stage 3		
	Total	ECL	Interest in suspense	Total	ECL	Interest in suspense	Total	ECL	Interest in suspense
Performing	1,363,761,321	14,531,535	54,970	35,551,154	1,621,448	9,295	6,070,664	1,277,106	55,430
Watch list	2,423	-	-	109,686,718	8,747,071	142,369	523,411	237,502	6,384
Non-performing	-	-	-	-	-	-	180,604,306	88,687,109	24,316,944
Sub-standard	-	-	-	-	-	-	2,804,183	745,166	30,603
Doubtful	-	-	-	-	-	-	32,211,892	13,351,564	1,025,650
Loss	-	-	-	-	-	-	145,588,231	74,590,379	23,260,691
<b>Total</b>	<b>1,363,763,744</b>	<b>14,531,535</b>	<b>54,970</b>	<b>145,237,872</b>	<b>10,368,519</b>	<b>151,664</b>	<b>187,198,381</b>	<b>90,201,718</b>	<b>24,378,759</b>

**A- Total distribution of exposures by geographical areas:**

	Inside the Kingdom		Other Middle East		Europe		Asia		Africa		America		Other countries		Total	
	JD		JD		JD		JD		JD		JD		JD		JD	
Balances at central banks	252,915,871		-		2,493,743		-		-		-		-		255,409,613	
Balances at banks and financial institutions	5,293		4,097,510		39,659,469		705,093		104,776		88,382,703		9,183,612		142,138,456	
Credit facilities	1,531,128,796		-		156,158,016		-		-		-		-		1,687,286,812	
<b>Bills, bonds and notes:</b>																
Within financial assets at fair value through the statement of other comprehensive income	28,206,261		1,454,301		-		-		-		-		-		29,660,562	
Within financial assets at amortised cost	484,891,253		-		-		-		9,678,052		-		-		494,569,305	
Other assets	38,278,077		-		-		-		-		-		-		38,278,077	
<b>Total/ current year</b>	<b>2,335,425,551</b>		<b>5,551,810</b>		<b>198,311,228</b>		<b>705,093</b>		<b>9,782,828</b>		<b>88,382,703</b>		<b>9,183,612</b>		<b>2,647,342,825</b>	
Financial guarantees	193,911,055		-		27,453,225		-		-		-		-		221,364,280	
Letters of credit	33,078,623		-		11,089,192		-		-		-		-		44,167,815	
Other liabilities	369,680,977		-		17,833,968		-		-		-		-		387,514,945	
<b>Grand Total</b>	<b>2,932,096,205</b>		<b>5,551,810</b>		<b>254,687,613</b>		<b>705,093</b>		<b>9,782,828</b>		<b>88,382,703</b>		<b>9,183,612</b>		<b>3,300,389,864</b>	

**B- Distribution of exposures by classification stages under IFRS 9**

	Stage 1 Individuals		Stage 1 Collective		Stage 2 Individuals		Stage 2 Collective		Stage 3		Total	
	JD		JD		JD		JD		JD		JD	
Inside the Kingdom	2,724,643,750		-		160,303,374		-		47,149,081		2,932,096,205	
Other Middle East Countries	4,860,535		-		-		-		691,275		5,551,810	
Europe	253,000,953		-		1,500,122		-		186,537		254,687,613	
Asia	705,093		-		-		-		-		705,093	
Africa	9,782,828		-		-		-		-		9,782,828	
America	88,382,703		-		-		-		-		88,382,703	
Other countries	9,183,612		-		-		-		-		9,183,612	
<b>Total</b>	<b>3,090,559,475</b>		<b>-</b>		<b>161,803,496</b>		<b>-</b>		<b>48,026,893</b>		<b>3,300,389,864</b>	

## Credit exposure concentration as per the geographical distribution as at 31 December 2020:

Geographic region	Inside the Kingdom		Middle East Countries other		Europe		Asia *		Africa *		America		Other countries		Total	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Total/ comparative figures	2,671,735,096	7,829,868	284,076,339	883,483	104,815	87,749,231	10,960,085	3,063,338,917								

## A. Gross exposures reclassified

31 December 2021	Stage 2				Stage 3				Percentage of exposures reclassified
	Gross amount of exposure		Exposures reclassified	Gross amount of exposure		Exposures reclassified	Gross exposures reclassified		
	JD	JD		JD	JD		JD	JD	
Balances at central banks	-	-	-	-	-	-	-	-	0.00%
Balances at banks and financial institutions	-	-	6,116,399	-	-	-	-	-	0.00%
<b>Credit facilities:</b>									
Retail	9,458,849	3,126,679	13,043,545	1,486,815	4,613,494	20.50%			
Real estate mortgage	32,037,251	6,362,255	44,012,356	5,331,132	11,693,388	15.38%			
Large companies	126,638,571	15,588,848	72,748,172	15,588,848	15,588,848	7.82%			
SMEs	15,597,571	6,290,868	17,519,314	860,950	7,151,818	21.60%			
<b>Bills, bonds and notes:</b>									
Within financial assets at fair value through the statement of comprehensive income	-	-	-	691,275	-	0.00%			
Within financial assets at amortised cost	-	-	-	8,720,000	-	0.00%			
<b>Total</b>	<b>183,732,241</b>	<b>31,368,651</b>	<b>153,439,785</b>	<b>17,090,172</b>	<b>39,047,548</b>	<b>11.58%</b>			
Financial guarantees	3,569,588	2,636,010	845,008	19,150	2,655,160	60.15%			
Letters of credit	-	17,577	-	-	17,577	0.00%			
Other liabilities	1,063,531	628,472	237,622	151,267	779,739	59.93%			
<b>Total</b>	<b>4,633,119</b>	<b>3,282,060</b>	<b>1,082,631</b>	<b>170,417</b>	<b>3,452,477</b>	<b>60.40%</b>			
<b>Grand Total</b>	<b>188,365,360</b>	<b>34,650,711</b>	<b>154,522,415</b>	<b>17,260,589</b>	<b>42,500,025</b>	<b>12.06%</b>			

31 December 2020	Stage 2		Stage 3		Gross exposures reclassified	Percentage of exposures reclassified
	Gross amount of exposure	Exposures reclassified	Gross amount of exposure	Exposures reclassified		
	JD	JD	JD	JD	JD	%
Balances at central banks	-	-	6,049,582	-	-	0.00%
<b>Credit facilities:</b>						
Retail	5,694,964	2,979,667	13,306,818	1,108,546	4,088,213	21.51%
Real estate mortgage	31,521,072	6,789,242	47,289,989	2,356,648	9,145,889	11.60%
Large companies	94,970,871	35,220,166	112,731,661	1,952,824	37,172,990	17.90%
SMEs	13,050,966	2,967,162	13,869,914	287,988	3,255,150	12.09%
<b>Bills, bonds and notes:</b>						
Within financial assets at fair value through the statement of comprehensive income	-	948,288	10,154,668	-	948,288	9.34%
<b>Total</b>	<b>145,237,872</b>	<b>48,904,524</b>	<b>203,402,631</b>	<b>5,706,006</b>	<b>54,610,530</b>	<b>15.66%</b>
Financial guarantees	6,323,477	946,524	2,020,162	264,500	1,211,024	14.51%
Letters of credit	242,797	-	-	-	-	0.00%
Other liabilities	5,875,293	1,743,476	528,411	166,316	1,909,792	29.82%
<b>Total</b>	<b>12,441,568</b>	<b>2,690,000</b>	<b>2,548,573</b>	<b>430,816</b>	<b>3,120,816</b>	<b>20.82%</b>
<b>Grand Total</b>	<b>157,679,440</b>	<b>51,594,524</b>	<b>205,951,204</b>	<b>6,136,822</b>	<b>57,731,346</b>	<b>15.88%</b>

## B. ECL of exposures reclassified

31 December 2021	Exposures reclassified				ECL of exposures reclassified						
	Gross exposures reclassified from Stage 2		Gross exposures reclassified from Stage 3		Gross reclassified exposures		Stage 2		Stage 3		Total
	JD	JD	JD	JD	Individuals	Collective	Individuals	Collective	Individuals	Collective	
<b>Credit facilities:</b>											
Retail	3,126,679	1,486,815	4,613,494	616,973	173,685	-	616,973	-	173,685	-	790,658
Real estate mortgage	6,362,255	5,331,132	11,693,388	335,989	71,526	-	335,989	-	71,526	-	407,515
Large companies	15,588,848	-	15,588,848	4,618,373	-	-	4,618,373	-	-	-	4,618,373
SMEs	6,290,868	860,950	7,151,818	1,702,436	3,744	-	1,702,436	-	3,744	-	1,706,179
<b>Bills, bonds and notes:</b>											
<b>Total</b>	<b>31,368,651</b>	<b>7,678,897</b>	<b>39,047,548</b>	<b>7,273,770</b>	<b>248,954</b>	<b>-</b>	<b>7,273,770</b>	<b>-</b>	<b>248,954</b>	<b>-</b>	<b>7,522,725</b>
Financial guarantees	2,636,010	19,150	2,655,160	103,874	48	-	103,874	-	48	-	103,922
Letters of credit	17,577	-	17,577	77	0	-	77	-	0	-	77
Other liabilities	628,472	151,267	779,739	71,431	22,940	-	71,431	-	22,940	-	94,371
<b>Total</b>	<b>3,282,060</b>	<b>170,417</b>	<b>3,452,477</b>	<b>175,382</b>	<b>22,988</b>	<b>-</b>	<b>175,382</b>	<b>-</b>	<b>22,988</b>	<b>-</b>	<b>198,369</b>
<b>Grand Total</b>	<b>34,650,711</b>	<b>7,849,314</b>	<b>42,500,025</b>	<b>7,449,152</b>	<b>271,942</b>	<b>-</b>	<b>7,449,152</b>	<b>-</b>	<b>271,942</b>	<b>-</b>	<b>7,721,094</b>

31 December 2020	Exposures reclassified				ECL of exposures reclassified				Total		
	Gross exposures reclassified from Stage 2		Gross exposures reclassified from Stage 3		Gross reclassified exposures		Stage 2 Individuals	Stage 2 Collective		Stage 3 Individuals	Stage 3 Collective
	JD	JD	JD	JD	JD	JD	JD	JD		JD	JD
<b>Credit facilities:</b>											
Retail	2,979,667	1,108,546	4,088,213	904,108	149,734	-	-	1,053,842	-	-	
Real estate mortgage	6,789,242	2,356,648	9,145,889	715,366	112,533	-	-	827,899	-	-	
Large companies	35,220,166	1,952,824	37,172,990	9,820,433	384,084	-	-	10,204,516	-	-	
SMEs	2,967,162	287,988	3,255,150	527,455	4,977	-	-	532,433	-	-	
<b>Bills, bonds and notes:</b>											
Financial assets at fair value through statement of income	948,288	-	948,288	948,288	-	-	-	948,288	-	-	
<b>Total</b>	<b>48,904,524</b>	<b>5,706,006</b>	<b>54,610,530</b>	<b>12,915,650</b>	<b>651,328</b>	<b>-</b>	<b>-</b>	<b>13,566,978</b>	<b>-</b>	<b>-</b>	
Financial guarantees	946,524	264,500	1,211,024	71,265	1,220	-	-	72,485	-	-	
Letters of credit	-	-	-	-	-	-	-	-	-	-	
Other liabilities	1,743,476	166,316	1,909,792	40,852	60,189	-	-	101,041	-	-	
<b>Total</b>	<b>2,690,000</b>	<b>430,816</b>	<b>3,120,816</b>	<b>112,117</b>	<b>61,409</b>	<b>-</b>	<b>-</b>	<b>173,526</b>	<b>-</b>	<b>-</b>	
<b>Grand Total</b>	<b>51,594,524</b>	<b>6,136,822</b>	<b>57,731,346</b>	<b>13,027,767</b>	<b>712,737</b>	<b>-</b>	<b>-</b>	<b>13,740,504</b>	<b>-</b>	<b>-</b>	

## Credit exposure distribution

Bank's internal rating grade	Rating category as per the instructions (2009/47)	Gross amount of exposure	Expected credit losses (ECL)	Probability of Default (PD)	Rating according to external rating institutions	Exposure at default (EAD) in JD millions	Loss given default (LGD)%
<b>STAGE 1</b>							
	Normal	650,795,630	10,167,080	0.265 TO 52.199%		390,703,559	0.000 TO 53.493%
	Normal	42,815,919	776	0.154%	2	8,026,102	48.898%
	Normal	677,172			2-		
	Normal	354,523			2+		
	Normal	34,125,828	1,201	0.351 TO 0.487%	3	746,405	48.941 TO 50.319%
	Normal	37,659,541	12,812	0.465 TO 0.647%	3-	4,376,725	48.959 TO 49.961%
	Normal	23,966,426			3+		
	Normal	58,442			4-		
	Normal	7,276,419	1,174	0.813%	4+	361,590	50.519%
	Normal	27,114	100	2.254%	5	21,270	49.962%
	Normal	2,491,877	14,704	3.281 TO 3.342%	5-	1,117,526	50.821 TO 52.689%
	Normal	16,019,349	430,061	4.585 TO 6.769%	6	15,911,016	44.253 TO 52.689%
	Normal	1,204,543	3,691	7.030%	6-	1,204,543	49.673%
	Normal	502,011,506	811	1.409 TO 7.531%	6+	65,917,404	47.687 TO 53.493%
	Normal	2,556,146		9.468%	7+	2,493,743	57.756%
2+	Normal	708,616	28	0.098%		708,616	9.459%
2-	Normal	42,367,354	21,283	0.096 TO 0.375%		42,367,354	0.000 TO 40.268%
3+	Normal	134,420,930	5,609,297	0.119 TO 0.549%		134,420,930	0.000 TO 50.317%
3	Normal	50,321,807	37,763	0.171 TO 0.666%		50,321,440	0.000 TO 47.349%
3-	Normal	94,530,328	94,210	0.245 TO 0.768%		94,530,328	0.000 TO 52.689%
4+	Normal	99,269,389	234,523	0.351 TO 0.965%		99,451,235	0.000 TO 52.689%
4	Normal	156,134,444	321,437	0.507 TO 1.245%		156,134,444	0.000 TO 49.350%
4-	Normal	261,283,474	826,158	0.725 TO 1.934%		261,532,187	0.000 TO 52.689%
5+	Normal	132,058,218	497,937	1.023 TO 2.375%		132,058,212	0.000 TO 52.689%
5	Normal	158,373,500	1,079,505	1.476 TO 2.892%		158,363,824	0.000 TO 52.689%
5-	Normal	184,944,943	1,349,181	2.158 TO 4.096%		187,873,750	0.000 TO 49.109%
6+	Normal	119,298,462	2,413,286	2.746 TO 4.565%		119,298,462	0.000 TO 52.940%
6	Normal	311,218,856	4,055,072	3.452 TO 7.119%		312,462,715	0.000 TO 50.014%
6-	Normal	315,814	9,258	6.504 TO 9.335%		315,814	0.000 TO 47.192%
7+	Normal	9,776,129	537,168	5.986 TO 12.910%		9,776,129	0.070 TO 51.374%
7	Normal	2,759,598	90,639	11.221 TO 19.262%		2,754,931	2.691 TO 50.773%
5-	Loss	105,932		2.340%		105,932	10.000%

## Credit exposure distribution

Bank's internal rating grade	Rating category as per the instructions (2009/47)	Gross amount of exposure	Expected credit losses (ECL)	Probability of Default (PD)	Rating according to external rating institutions	Exposure at default (EAD) in JD millions	Loss given default (LGD)%
<b>STAGE 2</b>							
4+	Normal	8,151,242	892,265	0.265 TO 100.000%		8,150,224	0.000 TO 53.493%
4	Normal	10,000		0.351 TO 0.494%		10,000	0.000%
4	Normal	24,445	99	0.715 TO 0.966%		24,445	10.313 TO 19.281%
5+	Normal	211,456	869	1.205 TO 1.521%		211,456	0.000 TO 48.650%
5	Normal	3,408,602	20,733	1.508 TO 2.716%		3,429,027	0.000 TO 52.689%
5-	Normal	10,339,524	155,841	2.068 TO 3.553%		10,342,439	5.995 TO 50.288%
6+	Normal	843,805	8,900	3.417 TO 4.376%		843,805	0.000 TO 50.357%
6	Normal	1,452,375	13,735	3.601 TO 6.316%		1,452,375	5.716 TO 31.483%
6-	Normal	518,645	4,768	6.123 TO 8.348%		518,645	5.070 TO 8.292%
7+	Normal	9,331,092	502,514	7.946 TO 13.294%		9,331,092	21.914 TO 49.833%
7	Normal	5,000	24	15.545%		5,000	7.149%
7-	Normal	720,366	108,851	9.981 TO 27.583%		720,366	30.334 TO 51.032%
4	Watch	3,384,144	350,489	0.265 TO 80.893%		3,383,954	0.000 TO 53.493%
4-	Watch	1,846,118	3,872	0.856%		1,846,118	9.721%
4-	Watch	6,000,000	11,575	0.955%		6,000,000	9.223%
5+	Watch	11,751,237	2,548,135	1.052 TO 1.521%		11,750,848	10.490 TO 52.689%
5	Watch	596,679	6,632	1.665 TO 2.100%		596,659	17.785 TO 48.393%
5-	Watch	7,245,755	119,994	2.158 TO 3.140%		7,229,102	5.849 TO 49.695%
6+	Watch	13,078,754	800,684	2.861 TO 4.357%		13,078,754	15.440 TO 50.413%
6	Watch	45,777,865	6,320,064	3.420 TO 6.433%		45,777,865	11.868 TO 52.689%
6-	Watch	20,433,164	5,990,308	4.529%		17,881,219	37.130%
7	Watch	20,274,479	3,361,377	7.542 TO 9.970%		20,274,479	7.683 TO 10.000%
7-	Watch	22,620,645	2,768,128	10.309 TO 27.264%		23,169,286	9.704 TO 22.586%
5-	Loss	339,967	12	2.953 TO 3.907%		639,967	10.113 TO 10.181%
<b>STAGE 3</b>							
	Normal	1,748,280	359,378	100.000%		1,743,123	0.000 TO 100.000%
	Normal	15,527,674	8,746,104	100.000%	10	15,739,357	10.000 TO 99.990%
10	Normal	735,560	537,704	100.000%		735,308	0.000 TO 99.990%
10	Watch	728,864	128,353	100.000%		721,176	0.000 TO 55.979%
10	Watch	181,712	60,024	100.000%		175,025	10.000 TO 99.990%
10	Sub_Standard	2,059,943	495,363	100.000%		2,058,275	0.000 TO 57.493%
10	Sub_Standard	4,112,515	900,383	100.000%		4,112,515	8.834 TO 99.990%
10	Doubtful	2,341,744	1,262,131	100.000%		2,275,800	0.000 TO 100.000%
10	Doubtful	3,975,037	1,932,688	100.000%		3,825,825	8.824 TO 99.990%
10	Loss	17,158,363	10,575,009	100.000%		13,865,119	0.000 TO 100.000%
10	Loss	115,363,996	64,195,526	100.000%		92,026,928	0.000 TO 99.990%

## 40/A Market risk

Market risks are losses of the value arising from changes in market prices as the change in interest rates, foreign exchange rates, prices of financial instruments and therefore changes in fair value of the cash flows of financial instruments within and outside the consolidated statement of financial position.

The bank has defined policies and procedures for identifying, measuring, monitoring and controlling market risks, they are reviewed periodically and their implementation is monitored, where the investment policy committee studies and recommends them after confirming their compliance with the instructions of the Central Bank of Jordan, they are then implemented and approved by the board of directors.

The acceptable risk policy is determined under treasury operations and includes limits for market risk control, where they are complied with and their implementation is verified periodically and continuously by monitoring their implementation by the risk management department and submitting various periodic reports which in turn are presented to the Assets and Liabilities Committee and the board of directors.

The bank holds a share and bond portfolio for trading purposes (Financial Assets at Fair Value through Profit or Loss), for which the sensitivity analysis method is used, where risks are currently measured through the standard approach to calculate the minimum share capital as recommended by Basel Committee.

## 40/B Interest rate risk:

Interest rate risk arises from the probability of change in interest rates, consequently affecting cash flows or fair value of the financial instrument.

The bank is exposed to interest rate risk as a result of time gaps for repricing between assets and liabilities, such gaps are monitored on a periodic basis by the Assets and Liabilities Committee, and sometimes various hedging methods are used to remain within acceptable limits of interest rate risk gaps.

### Sensitivity analysis:

For 2021

Currency	Change of increase in interest rate (percentage point)	Sensitivity of interest income (profit and loss)	Sensitivity of equity
	%	JD	JD
USD	1	260,356	(433,592)
Euro	1	(34,065)	-
GBP	1	(68,015)	-
JPY	1	-	-
Other currencies	1	(39,354)	-

Currency	Change (decrease) in interest rate (percentage point)	Sensitivity of interest income (profit and loss)	Sensitivity of equity
	%	JD	JD
USD	1	(260,356)	490,875
Euro	1	34,065	-
GBP	1	68,015	-
JPY	1	-	-
Other currencies	1	39,354	-

## Notes to the consolidated financial statements as at 31 december 2021

### For 2020

Currency	Change of increase in interest rate (percentage point)	Sensitivity of interest income (profit and loss)	Sensitivity of equity
	%	JD	JD
USD	1	18,454	(265,152)
Euro	1	(47,833)	-
GBP	1	(69,179)	-
JPY	1	-	-
Other currencies	1	(100,540)	-

Currency	Change (decrease) in interest rate (percentage point)	Sensitivity of interest income (profit and loss)	Sensitivity of equity
	%	JD	JD
USD	1	(18,454)	347,701
Euro	1	47,833	-
GBP	1	69,179	-
JPY	1	-	-
Other currencies	1	100,540	-

### - Currency risk:

The table below shows the currencies that the Bank is exposed to and the effect of a possible and reasonable change on their prices against the Jordanian Dinar on the consolidated statement of income, and the currency position are monitored on a daily basis to verify they remain within the specified limits and submits reports thereon to the Assets and Liabilities Committee as well as to the Board of Directors.

### For 2021

Currency	Change in foreign currency rates	Impact on profit and loss	Impact on Equity
	%	JD	JD
Euro	5	(24,113)	-
GBP	5	5,551	-
JPY	5	384	-
Other currencies	5	(80,637)	-

### For 2020

Currency	Change in foreign currency rates	Impact on profit and loss	Impact on Equity
	%	JD	JD
Euro	5	2,912	-
GBP	5	1,373	-
JPY	5	1,617	-
Other currencies	5	14,217	-

## Notes to the consolidated financial statements as at 31 december 2021

### - Risk of change in shares prices:

It is the risk of a decrease in the fair value of the shares portfolio because of the change in the value of shares indices and the change in the value of individual shares.

#### For 2021

Index	Change in index	Impact on profit and loss	Impact on Equity
	%	JD	JD
Amman market index	5	-	225,486
Palestine market index	5	-	321,141
Kuwait market index	5	-	65,825
NASDAQ – USA	5	-	-

#### For 2020

Index	Change in index	Impact on profit and loss	Impact on Equity
	%	JD	JD
Amman market index	5	-	194,290
Palestine market index	5	-	269,225
Kuwait market index	5	-	2,765
NASDAQ – USA	-	-	-

### Re-pricing interest gap:

The Bank follows a consistent policy in the amounts of assets and liabilities and aligns the maturities to reduce the gaps by dividing assets and liabilities into multiple timing categories or maturities on review interest rates, whichever is less, to reduce risk in interest rates, study gaps in interest rates associated with them, and use hedging policies through advanced tools such as derivatives.

Classification is made on the basis of interest repricing or maturity periods, whichever is earlier.

## Interest rate sensitivities are as follows:

31 December 2021	Re-pricing interest gap									
	Less than 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	From 1 year to 3 years	3 years or more	Elements non-bearing interest	Total		
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b>Assets:</b>										
Cash and balances at Central Banks	-	-	-	-	-	-	-	317,205,145	-	317,205,145
Balances at banks and financial institutions	79,075,364	8,617,241	-	-	-	-	-	54,445,850	-	142,138,455
Direct credit facilities, net	537,107,136	150,538,222	135,315,255	693,490,686	93,029,238	77,806,275	-	-	-	1,687,286,812
Loan with right to repurchase at fair value	-	-	-	-	-	-	-	10,000,000	-	10,000,000
Financial assets at fair value through statement of income	-	-	-	-	-	-	-	4,133,548	-	4,133,548
Financial assets at fair value through the statement of comprehensive income	-	-	-	-	9,349,892	20,310,670	-	45,318,545	-	74,979,107
Financial assets at amortised cost	-	35,509,983	31,618,060	74,603,783	265,301,785	87,535,694	-	-	-	494,569,305
Property and equipment, net	-	-	-	-	-	-	-	33,850,914	-	33,850,914
Intangible assets, net	-	-	-	-	-	-	-	5,664,986	-	5,664,986
Deferred tax assets	-	-	-	-	-	-	-	43,487,269	-	43,487,269
Right of use leased assets	-	-	51,152	2,654,345	5,195,994	4,943,078	-	-	-	12,844,569
Other assets	9,337,559	5,188,228	5,941,335	8,978,396	5,163,242	9,183,200	135,184,631	-	-	178,976,591
<b>Total assets</b>	<b>625,520,059</b>	<b>199,853,674</b>	<b>172,925,802</b>	<b>779,727,210</b>	<b>378,040,151</b>	<b>199,778,917</b>	<b>649,290,888</b>	<b>3,005,136,701</b>	<b>3,005,136,701</b>	
<b>Liabilities:</b>										
Deposits with banks and banking institutions	82,524,929	-	58,635,107	23,434,008	-	-	-	2,351,413	-	166,945,457
Customers' deposits	340,837,049	635,851,391	200,072,789	173,631,769	126,648	-	-	586,779,824	-	1,937,299,470
Cash margins	29,582,643	32,742,066	11,336,964	18,823,304	507,943	5,000	81,288	-	-	93,079,208
Borrowings	40,740	303,858	30,445,675	6,005,946	70,664,986	131,654,431	-	-	-	239,115,636
other provisions	-	-	-	-	-	-	-	12,478,231	-	12,478,231
Bond	-	-	-	-	11,000,000	-	-	-	-	11,000,000
Provision for income tax	-	-	-	-	-	-	-	9,745,645	-	9,745,645
Deferred tax liabilities	-	-	-	-	-	-	-	4,642,969	-	4,642,969
Liabilities against right of use leased assets	-	-	49,592	2,654,345	5,195,994	4,630,572	-	-	-	12,530,503
Other liabilities	19,442,364	6,323,669	5,346,529	5,976,536	6,752,671	-	6,783,755	-	-	50,625,524
<b>Total liabilities</b>	<b>472,427,725</b>	<b>675,220,984</b>	<b>305,886,656</b>	<b>230,525,908</b>	<b>94,248,242</b>	<b>136,290,003</b>	<b>622,863,125</b>	<b>2,537,462,643</b>	<b>2,537,462,643</b>	
Non-controlling interests	-	-	-	-	-	-	-	277,710	-	277,710
<b>Re-pricing interest gap</b>	<b>153,092,334</b>	<b>(475,367,310)</b>	<b>(132,960,854)</b>	<b>549,201,302</b>	<b>283,791,909</b>	<b>63,488,914</b>	<b>26,150,053</b>	<b>467,396,348</b>	<b>467,396,348</b>	

31 December 2020	Re-pricing interest gap										Total		
	Less than 1 month		1 month to 3 months		3 months to 6 months		6 months to 1 year		3 years or more			Elements non-bearing interest	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD		JD	JD
<b>Assets:</b>													
Cash and balances at Central Banks	339,661,475	22,208,130	-	-	-	-	-	-	-	-	-	361,869,605	
Balances at banks and financial institutions	125,508,378	5,985,255	-	-	-	-	-	-	-	-	5,264,885	136,758,518	
Direct credit facilities, net	115,789,483	666,117	36,475	179,055,553	737,822,667	360,322,916	162,819,622	1,556,512,833	-	-	-	10,000,000	
Loan with right to repurchase at fair value	-	-	-	-	10,000,000	-	-	-	-	-	-	-	
Financial assets at fair value through the statement of comprehensive income	8,262,132	-	-	-	7,254,344	27,060,707	43,290,091	85,867,274	-	-	-	-	
Financial assets at amortised cost	-	66,399,251	-	46,089,618	270,806,848	18,814,894	-	402,110,610	-	-	-	-	
Property and equipment, net	-	-	-	-	-	-	-	28,527,698	-	-	-	-	
Intangible assets, net	-	-	-	-	-	-	-	1,964,717	-	-	-	-	
Right of use of leased assets	-	-	-	-	-	-	-	13,347,577	-	-	-	-	
Deferred tax assets	-	-	-	-	-	-	-	36,718,616	-	-	-	-	
Other assets	3,775,736	5,382,126	5,897,814	9,406,061	4,818,715	10,398,389	130,896,114	170,574,955	-	-	-	-	
Assets held for sale, net	-	-	-	-	-	-	-	5,642,817	-	-	-	-	
<b>Total assets</b>	<b>592,997,205</b>	<b>100,640,878</b>	<b>5,934,289</b>	<b>234,551,232</b>	<b>1,030,702,573</b>	<b>416,596,906</b>	<b>428,472,137</b>	<b>2,809,895,220</b>	<b>428,472,137</b>	<b>428,472,137</b>	<b>428,472,137</b>	<b>2,809,895,220</b>	
<b>Liabilities:</b>													
Deposits with banks and banking institutions	43,147,143	-	105,016,534	25,524,000	-	-	-	-	-	-	-	173,687,677	
Customers' deposits	229,448,307	661,282,777	182,266,266	260,271,310	583,408	-	543,698,415	1,877,550,483	-	-	-	-	
Cash margins	26,799,110	24,778,388	9,285,936	13,016,603	15,280	-	-	73,895,317	-	-	-	-	
Borrowings	4,323,252	-	-	10,000,000	71,229,126	42,703,066	-	128,255,444	-	-	-	-	
other provisions	-	-	-	-	-	-	-	14,303,613	-	-	-	-	
Bond	-	-	-	-	11,000,000	-	-	-	-	-	-	-	
Provision for income tax	-	-	-	-	-	-	-	2,176,841	-	-	-	-	
Deferred tax liabilities	-	-	-	-	-	-	-	2,555,136	-	-	-	-	
Liabilities against right of use leased assets	1,007,045	544,306	544,306	1,088,613	4,922,993	4,282,694	-	12,389,957	-	-	-	-	
Other liabilities	14,827,098	7,735,885	7,597,559	8,034,611	9,757,373	8,167,135	-	56,119,661	-	-	-	-	
Liabilities directly associated with assets held for sale	-	-	-	-	-	-	-	1,529,164	-	-	-	-	
<b>Total liabilities</b>	<b>319,551,955</b>	<b>694,341,356</b>	<b>304,710,602</b>	<b>317,935,137</b>	<b>97,508,180</b>	<b>55,152,895</b>	<b>564,263,169</b>	<b>2,353,463,293</b>	<b>564,263,169</b>	<b>564,263,169</b>	<b>564,263,169</b>	<b>2,353,463,293</b>	
<b>Re-pricing interest gap</b>	<b>273,445,250</b>	<b>(593,700,478)</b>	<b>(298,776,312)</b>	<b>(83,383,905)</b>	<b>933,194,393</b>	<b>361,444,011</b>	<b>(135,791,032)</b>	<b>456,431,927</b>	<b>(135,791,032)</b>	<b>(135,791,032)</b>	<b>(135,791,032)</b>	<b>456,431,927</b>	

## Concentration in foreign exchange risk

31 December 2021	USD		Euro		GBP		JPY		Others		Total	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b>Assets:</b>												
Cash and balances with Central Banks	51,502,885	6,828,178	894,724	-	751,272	59,977,059						
Balances with banks and banking institutions	89,595,125	31,008,598	11,442,026	510,339	9,398,819	141,954,907						
Direct credit facilities - net	403,691,381	2,019,391	2,101,207	-	-	407,811,979						
Financial assets at fair value through comprehensive income	53,701,490	46,498	-	-	1,186,038	54,934,026						
Financial assets at amortised cost	109,302,397	-	-	-	3,603,561	112,905,958						
Property and equipment	931,005	-	-	-	-	931,005						
Intangible assets	6,766	-	-	-	-	6,766						
Other assets	6,172,328	1,599,743	190,784	-	29,157	7,992,012						
<b>Total assets</b>	<b>714,903,377</b>	<b>41,502,408</b>	<b>14,628,741</b>	<b>510,339</b>	<b>14,968,847</b>	<b>786,513,712</b>						
<b>Liabilities:</b>												
Deposits with banks and banking institutions	136,801,655	620,925	-	-	3,983,539	141,406,119						
Customers' deposits	400,152,568	40,167,751	14,251,493	502,663	11,980,534	467,055,009						
Cash margins	27,083,512	380,008	255,765	-	1,025,294	28,744,579						
Borrowings	84,583,700	-	-	-	-	84,583,700						
Provision for Income tax	-	354,100	-	-	-	354,100						
Other liabilities	5,992,872	431,694	10,460	-	3,162	6,438,188						
<b>Total liabilities</b>	<b>654,614,307</b>	<b>41,954,478</b>	<b>14,517,718</b>	<b>502,663</b>	<b>16,992,529</b>	<b>728,581,695</b>						
Net concentration in the consolidated statement of financial position for the current year	60,289,070	(452,070)	111,023	7,676	(2,023,682)	57,932,017						
<b>Contingent liabilities off-the consolidated statement of financial position for the current year</b>	<b>122,692,333</b>	<b>10,478,123</b>	<b>180,195</b>	<b>-</b>	<b>3,337,531</b>	<b>136,688,182</b>						

31 December 2020	USD		Euro		GBP		JPY		Others		Total	
	JD		JD		JD		JD		JD		JD	
<b>Assets:</b>												
Cash and balances with Central Banks	61,075,632		4,713,291		515,252		-		802,081		67,106,256	
Balances with banks and banking institutions	89,478,876		28,338,729		12,127,191		181,734		12,498,433		142,624,963	
Direct credit facilities - net	350,981,367		2,599,365		2,370,001		-		-		355,950,733	
Financial assets at fair value through comprehensive income	54,310,861		98,415		-		-		2,975,577		57,384,853	
Financial assets at amortised cost	73,879,503		-		-		-		-		73,879,503	
Property and equipment	957,461		-		-		-		-		957,461	
Intangible assets	17,979		-		-		-		-		17,979	
Other assets	4,219,485		556,979		(24,864)		-		12,860		4,764,460	
<b>Total assets</b>	<b>634,921,165</b>		<b>36,306,778</b>		<b>14,987,580</b>		<b>181,734</b>		<b>16,288,951</b>		<b>702,686,208</b>	
<b>Liabilities:</b>												
Deposits with banks and banking institutions	135,646,612		103,962		111		239		6,173,011		141,923,936	
Customers' deposits	391,801,799		35,273,814		14,205,150		149,152		8,907,150		450,337,065	
Cash margins	15,120,396		487,612		750,520		-		1,722,074		18,080,602	
Provision for Income tax	-		210,323		-		-		-		210,323	
Other liabilities	3,920,058		164,513		4,336		-		121,762		4,210,669	
<b>Total liabilities</b>	<b>546,488,866</b>		<b>36,240,224</b>		<b>14,960,117</b>		<b>149,391</b>		<b>16,923,998</b>		<b>614,762,595</b>	
Net concentration in the consolidated statement of financial position for the current year	88,432,299		66,554		27,463		32,343		(635,046)		87,923,613	
<b>Contingent liabilities off-the consolidated statement of financial position for the current year</b>	<b>148,868,454</b>		<b>10,080,408</b>		<b>44,901</b>		<b>-</b>		<b>5,011,791</b>		<b>164,005,554</b>	

## C- Liquidity risk

**First: The table below summarizes the distribution of liabilities (not discounted) based on the remaining period for contractual maturity at the date of the financial statements:**

- Liquidity risk is defined as the losses that the Bank may be exposed to due to lack of funds needed to finance the increase of its investments or to repay its obligations when they become due at appropriate time and cost. (This is part of asset and liability management (ALM)).
- The Bank is committed to liquidity ratios set by the Central Bank and the supervisory authorities under which the Bank's external branches operate, and the Bank's liquidity is monitored on a daily basis.
- Liquidity is also monitored by the ALCO chaired by the Director General through periodic reports.

31 December 2021	Less than 1 month		1 month to 3 months		3 months to 6 months		6 months to 1 year		From 1 year to 3 years		Over 3 years		Elements non-bearing interest		Total	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b>Liabilities:</b>																
Deposits with banks and banking institutions	84,876,342	44,455,105	14,180,000	23,434,010	-	-	-	-	-	-	-	-	-	-	-	166,945,457
Customers' deposits	283,743,927	635,851,391	200,072,789	173,631,769	126,648	-	643,872,946	1,937,299,470	-	-	-	-	-	-	-	-
Cash margins	29,663,931	32,742,068	11,336,964	18,823,302	507,943	5,000	-	93,079,208	-	-	-	-	-	-	-	-
Borrowings	40,740	303,858	30,445,675	6,005,946	70,664,986	131,654,431	-	239,115,636	-	-	-	-	-	-	-	-
Liabilities against right of use leased assets	-	-	49,592	2,654,345	5,195,994	4,630,572	-	12,530,503	-	-	-	-	-	-	-	-
bond	-	-	-	-	11,000,000	-	-	11,000,000	-	-	-	-	-	-	-	11,000,000
other provisions	-	-	-	-	-	-	-	-	-	-	-	-	12,478,231	-	-	12,478,231
Provision for income tax	-	-	-	-	-	-	-	-	-	-	-	-	9,745,645	-	-	9,745,645
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	4,642,969	-	-	4,642,969
Other liabilities	19,408,958	6,323,669	5,346,529	5,976,536	6,752,671	6,817,161	-	50,625,524	-	-	-	-	-	-	-	-
<b>Total</b>	<b>417,733,898</b>	<b>719,676,091</b>	<b>261,431,549</b>	<b>230,525,908</b>	<b>94,248,242</b>	<b>143,107,164</b>	<b>670,739,791</b>	<b>2,537,462,643</b>	<b>670,739,791</b>	<b>1,022,409,018</b>	<b>277,639,895</b>	<b>3,005,136,701</b>	<b>3,005,136,701</b>	<b>3,005,136,701</b>	<b>3,005,136,701</b>	<b>3,005,136,701</b>

31 December 2020	Less than 1 month		1 month to 3 months		3 months to 6 months		6 months to 1 year		From 1 year to 3 years		Over 3 years		Elements non-bearing interest		Total	
	JD		JD		JD		JD		JD		JD		JD		JD	
<b>Liabilities:</b>																
Deposits with banks and banking institutions	46,794,000	-	101,369,677	25,524,000	-	-	-	-	-	-	-	-	-	-	-	173,687,677
Customers' deposits	176,437,788	661,282,777	182,266,266	260,271,310	583,408	-	596,708,934	1,877,550,483	-	-	-	-	-	-	-	1,877,550,483
Cash margins	26,799,110	24,778,388	9,285,936	13,016,603	15,280	-	-	-	-	-	-	-	-	-	-	73,895,317
Borrowings	4,323,252	-	-	10,000,000	71,229,126	42,703,066	-	-	-	-	-	-	-	-	-	128,255,444
Liabilities against right of use leased assets	1,007,045	556,527	532,085	1,088,613	4,922,993	4,282,694	-	-	-	-	-	-	-	-	-	12,389,957
bond	-	-	-	-	11,000,000	-	-	-	-	-	-	-	-	-	-	11,000,000
other provisions	-	-	-	-	-	-	14,303,613	-	-	-	-	-	-	-	-	14,303,613
Provision for income tax	-	-	-	-	-	-	2,176,841	-	-	-	-	-	-	-	-	2,176,841
Deferred tax liabilities	-	-	-	-	-	-	2,555,136	-	-	-	-	-	-	-	-	2,555,136
Other liabilities	14,525,679	7,735,885	7,597,559	8,034,611	9,757,373	8,468,554	-	-	-	-	-	-	-	-	-	56,119,661
Liabilities directly associated with assets held for sale	-	1,529,164	-	-	-	-	-	-	-	-	-	-	-	-	-	1,529,164
<b>Total</b>	<b>269,886,874</b>	<b>695,882,741</b>	<b>301,051,524</b>	<b>317,935,137</b>	<b>97,508,180</b>	<b>55,454,314</b>	<b>615,744,524</b>	<b>2,353,463,293</b>	<b>1,036,039,307</b>	<b>589,240,372</b>	<b>241,397,236</b>	<b>2,809,895,220</b>	<b>2,809,895,220</b>	<b>2,809,895,220</b>	<b>2,809,895,220</b>	<b>2,809,895,220</b>

**Second: Items off-the financial position (Total):**

31 December 2021	Up to one year	1 to 5 years	Over 5 years	Total
	JD	JD	JD	JD
Letters of credits and acceptances	75,318,898	-	-	75,318,898
Un-utilised limits (direct and indirect)	317,600,010	39,850,445	2,172,560	359,623,015
Guarantees	189,858,199	33,760,860	62,925	223,681,984
<b>Total</b>	<b>582,777,107</b>	<b>73,611,305</b>	<b>2,235,485</b>	<b>658,623,897</b>

31 December 2020	Up to one year	1 to 5 years	Over 5 years	Total
	JD	JD	JD	JD
Letters of credits and acceptances	54,196,154	-	-	54,196,154
Un-utilised limits (direct and indirect)	315,545,146	4,056,820	-	319,601,966
Guarantees	211,310,002	20,555,184	-	231,865,186
<b>Total</b>	<b>581,051,302</b>	<b>24,612,004</b>	<b>-</b>	<b>605,663,306</b>

**(41) Information about the Bank's business segments**

- The Bank is organized for administrative purposes through four main business segments that are measured according to the reports that are used by the CEO and the main decision-makers at the Bank. The Bank also has a subsidiary specialized in financial brokerage services and a subsidiary specialized in financial leasing services as at the date of the consolidated financial statements:
- Retail accounts: Includes handling individual customers' deposits, and providing credit facilities, credit cards and other services.
- Corporates' accounts: Includes handling deposits, credit facilities, and other banking services related to corporates' customers.
- Treasury: Includes providing trading and treasury services and the management of the Bank's funds.
- Others: Includes activities inapplicable to the definition of the Bank's above mentioned segments.
- Financial brokerage services: Practicing most of the brokerage and financial consultation services.
- Financial leasing services: Practicing financial leasing services and real estate development projects.
- Financial consultation services and issues: Practicing financial consultation services and management of issues.

## The following is information on the Bank's business segments distributed by activity:

	Retail		Corporates		Treasury		Financial brokerage		Finance leasing		Financial consultations		Others		Total for the year ended 31 December 2021	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b>31 December 2021</b>																
Total income for the year - statement (b)	17,780,856	55,178,429	32,855,834	74,369	5,999,269	-	-	-	-	-	-	-	-	-	-	111,888,757
Less: expected credit losses	5,156,352	22,194,371	2,089,215	(5,564)	1,113,302	-	-	-	-	-	-	-	-	-	-	30,547,676
Segment business results	12,624,504	32,984,058	30,766,619	79,933	4,885,967	-	-	-	-	-	-	-	-	-	-	81,341,081
Less: unallocated expenses on segments	-	-	-	912,298	1,127,441	-	-	-	-	-	-	-	-	-	-	69,268,381
Profit for the year before income tax	12,624,504	32,984,058	30,766,619	(832,365)	3,758,526	-	-	-	-	-	-	-	-	-	-	12,072,700
Less: income tax for the year	-	-	-	83,299	1,475,812	-	-	-	-	-	-	-	-	-	-	4,367,863
<b>Profit for the year - statement (b)</b>	<b>12,624,504</b>	<b>32,984,058</b>	<b>30,766,619</b>	<b>(915,664)</b>	<b>2,282,714</b>	<b>-</b>	<b>(915,664)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(70,037,394)</b>	<b>-</b>	<b>-</b>	<b>7,704,837</b>
Capital expenses																10,326,927
Depreciations and amortisations																4,470,471
Segment assets	484,105,094	1,115,294,267	1,033,023,020	10,237,138	87,650,312	-	-	-	-	-	-	-	-	-	-	2,730,309,831
Unallocated assets on segments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	274,826,870
<b>Total assets</b>	<b>484,105,094</b>	<b>1,115,294,267</b>	<b>1,033,023,020</b>	<b>10,237,138</b>	<b>87,650,312</b>	<b>-</b>	<b>274,826,870</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>274,826,870</b>	<b>-</b>	<b>-</b>	<b>3,005,136,701</b>
<b>31 December 2020</b>																
Total income for the year - statement (b)	13,454,069	52,168,647	34,466,273	-	5,344,320	-	-	-	-	-	-	-	-	-	-	108,216,184
Less: provision for impairment of direct credit facilities	12,798,621	24,788,612	11,749,634	-	1,398,981	-	-	-	-	-	-	-	-	-	-	52,221,562
Segment business results	655,448	27,380,035	22,716,639	-	3,945,339	-	-	-	-	-	-	-	-	-	-	55,994,621
Less: unallocated expenses on segments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	61,573,372
Loss for the year before income tax	655,448	27,380,035	22,716,639	-	3,945,339	-	-	-	-	-	-	-	-	-	-	(5,578,751)
Less: income tax for the year	-	-	-	-	1,231,922	-	-	-	-	-	-	-	-	-	-	(1,606,291)
Loss for the year from continued operations - statement (b)	655,448	27,380,035	22,716,639	(379,547)	2,713,417	-	-	-	-	-	-	-	-	-	-	(3,972,460)
Net Loss for the year from discontinued operations - statement (b)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(538,815)
<b>Net profit for the year - statement (b)</b>	<b>655,448</b>	<b>27,380,035</b>	<b>22,716,639</b>	<b>(379,547)</b>	<b>2,713,417</b>	<b>(159,268)</b>	<b>(159,268)</b>	<b>(57,437,998)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(57,437,998)</b>	<b>-</b>	<b>-</b>	<b>(4,511,275)</b>
Capital expenses																4,968,669
Depreciations and amortisations																4,715,649
Segment assets	374,223,618	1,203,283,863	999,983,701	6,727,012	85,309,793	445,648	-	-	-	-	-	-	-	-	-	2,669,973,635
Unallocated assets on segments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	139,921,585
<b>Total assets</b>	<b>374,223,618</b>	<b>1,203,283,863</b>	<b>999,983,701</b>	<b>6,727,012</b>	<b>85,309,793</b>	<b>445,648</b>	<b>134,223,559</b>	<b>445,648</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>134,223,559</b>	<b>-</b>	<b>-</b>	<b>2,809,895,220</b>

## Notes to the consolidated financial statements as at 31 december 2021

### B. Geographical distribution information

This note represents the geographical distribution of the Bank's businesses. The Bank conducts its activities mainly in the Hashemite Kingdom of Jordan, which represents local businesses. The Bank also carries out international activities through the Bank's branch in Cyprus.

The following is the distribution of the Bank's revenues, assets, and capital expenses by geographical sector:

	Inside the Kingdom		Outside the Kingdom		Total	
	For the year ended 31 December		For the year ended 31 December		For the year ended 31 December	
	2021	2020	2021	2020	2021	2020
	JD	JD	JD	JD	JD	JD
Total income - statement (b)	102,732,664	99,866,853	9,156,093	8,349,331	111,888,757	108,216,184
Capital expenses	10,326,927	4,968,669	-	-	10,326,927	4,968,669

	Inside the Kingdom		Outside the Kingdom		Total	
	31 December		31 December		31 December	
	2021	2020	2021	2020	2021	2020
	JD	JD	JD	JD	JD	JD
Total assets	2,578,368,766	2,403,245,279	426,767,935	406,649,941	3,005,136,701	2,809,895,220

### (42) Capital management:

#### A. Description of what is considered to be capital.

Capital is classified into several categories as paid capital, economic capital and regulatory capital. The regulatory capital is defined as per the Banks Law by the total value of the items determined by the Central Bank for control purposes in order to meet the requirements of the capital adequacy ratio established in accordance with instructions issued by the Central Bank. The regulatory capital consists of two parts, the first part is called core capital (Tier 1) and consists of paid in capital, disclosed reserves (include statutory reserve, voluntary, share premium and treasury shares premium), retained earnings after deducting any amounts subject for any restrictions, non-controlling interest and deducting period losses, cost of treasury share purchases, deferred provision with the Central Bank of Jordan approval and goodwill. The second part additional paid in capital (Tier 2) consists of foreign currencies translation difference, general banking risk reserve, debt and equity securities that have the same characteristics, support debts and 45% from valuation of financial assets at fair value through other comprehensive income reserve if positive and deducted in full if negative.

There is third part (Tier 3) might be established in case the capital adequacy ratio dropped below 12% from the result of including market risk to the capital adequacy ratio. Investments in banks and subsidiaries financial institutions (if not consolidated) as well the investments in bank's, insurance companies and other financial institutions share capital.

#### B. Regulatory requirements for capital, and how to meet these requirements.

The instructions of the Central Bank require that the paid-up capital is not less than JD 100 million, and that the ratio of shareholders' equity to assets is not less than 6%. As for the regulatory capital, the instructions of the Central Bank require that its ratio to the weighted assets (capital adequacy ratio) is not less than 12% and the Bank ensures that it is compliant there with.

The Bank is committed to Article (62) of the Banks Law, which requires the Bank to deduct annually 10% of its net profit in the Kingdom to the legal reserve account and to continue to deduct it until such reserve reaches the equivalent of the Bank's subscribed capital, and this deduction corresponds to the statutory reserve stipulated in the Companies Law.

## Notes to the consolidated financial statements as at 31 december 2021

The Bank is committed to Article (41) of the Banks Law, which requires compliance with the limits set by the Central Bank relating to the following:

1. Risk ratios of its assets and risk-weighted assets, as well as the elements of capital, reserves, and regulatory accounts.
2. Ratio of the total borrowings to the regulatory capital that the Bank is allowed to grant for the benefit of a person and his associates or the related parties.
3. Ratio of the total borrowings granted to the Bank's top ten customers to the total amount of borrowings granted by the Bank.

### C - How to achieve the objectives of capital management.

The Bank ensures the compatibility of the capital amount with the amount, nature and complexity of the risks to which the Bank is exposed to, in a manner that does not contradict with the legislation and instructions in force. The Bank reflects this in its strategic plans as well as its annual estimated budgets. For more precaution, and given the surrounding circumstances and economic cycles, the Board of Directors decided, within the Bank's strategy, that the capital adequacy ratio will not be less than 14%.

When entering into investments, effects on the capital adequacy ratio are recorded and capital and adequacy are monitored periodically as the capital adequacy ratio is calculated at the Group level as well as at the Bank's level on a quarterly basis. In addition to the continuous monitoring of capital ratios which are monitored on a monthly basis, including financial leverage ratios: assets to equity ratio, customer deposits to equity ratio, internal growth rate of equity ratio, provisions and free share capital, which achieves the appropriate financial leverage and achieves accordingly the targeted return on equity by which it does not drop below 10% in accordance with the bank's strategy.

No dividends will be distributed to shareholders from the regulatory capital components if such distribution would lead to failure to comply with the required minimum capital. The Bank focuses on the internal generation of capital and can resort to public offering to meet the requirements of expansions and future plans or the requirements of the regulatory authorities according to specific studies.

### Capital adequacy

On 31 November 2016, the Central Bank of Jordan issued capital adequacy instructions in accordance with Basel III and cancelled the implementation of regulatory capital adequacy instructions in accordance with Basel II.

The Bank manages the capital in a way that ensures the continuity of its operations and achieves the highest possible return on equity, and the capital is as defined by Basel III, as shown in the following table:

	31 December	
	2021	2020
	JD	JD
Total basic capital for ordinary equity holders (CET 1)	456,896	456,432
Regulatory amendments (subtraction from basic capital for ordinary equity holders)		(51,091)
Tier-II Capital	27,809	18,894
Regulatory capital	429,192	424,234
Risk-weighted assets	<b>2,266,033</b>	<b>2,188,199</b>
Capital adequacy ratio for ordinary equity holders (CET 1)	<b>17.71%</b>	<b>18.52%</b>
Capital adequacy ratio on Tier-I Capital	<b>17.71%</b>	<b>18.52%</b>
Regulatory capital adequacy ratio	<b>18.94%</b>	<b>19.39%</b>

\* The basic capital was calculated after investing in banks and a financial subsidiary.

Liquidity coverage ratio (LCR):	31 December	
	2021	2020
Total high quality liquid assets	775,920	730,690
Total high quality liquid assets after subtracting the maximum adjustments	775,920	730,690
Net cash outflow	600,290	524,603
Liquidity coverage ratio	203.90%	139.30%
Liquidity coverage according to the average end of each month	140.14%	147.88%

### (43) Analysis of maturities of assets and liabilities

The following table shows the analysis of assets and liabilities according to the expected period of recovery or settlement:

31 December 2021	Up to one year	Over one year	Total
	JD	JD	JD
<b>Assets:</b>			
Cash and balances with Central Banks	317,205,145	-	317,205,145
Balances with banks and banking institutions	142,138,455	-	142,138,455
Direct credit facilities - net	529,309,999	1,157,976,813	1,687,286,812
Loan with right to repurchase at fair value	10,000,000	-	10,000,000
Financial assets through income	-	4,133,548	4,133,548
Financial assets through comprehensive income	-	74,979,107	74,979,107
Financial assets at amortised cost	141,731,825	352,837,480	494,569,305
Property and equipment, net	-	33,850,914	33,850,914
Intangible assets, net	-	5,664,986	5,664,986
Right of use of leased assets	2,705,497	10,139,072	12,844,569
Deferred tax assets	-	43,487,269	43,487,269
Other assets	29,445,518	149,531,073	178,976,591
<b>Total assets</b>	<b>1,172,536,440</b>	<b>1,832,600,261</b>	<b>3,005,136,701</b>
<b>Liabilities:</b>			
Deposits with banks and banking institutions	166,945,457	-	166,945,457
Customers' deposits	1,937,172,822	126,648	1,937,299,470
Cash deposits	92,566,265	512,943	93,079,208
Borrowings	36,796,219	202,319,417	239,115,636
Liabilities against right of use leased assets	2,703,937	9,774,294	12,478,231
Loan bonds	-	11,000,000	11,000,000
Various provisions	-	9,745,645	9,745,645
Provision for income tax	4,602,684	-	4,602,684
Deferred tax liabilities	-	12,530,503	12,530,503
Other liabilities	37,089,098	13,576,711	50,665,809
<b>Total liabilities</b>	<b>2,277,876,482</b>	<b>259,586,161</b>	<b>2,537,462,643</b>
<b>Net assets</b>	<b>(1,105,340,042)</b>	<b>1,573,014,100</b>	<b>467,674,058</b>

## Notes to the consolidated financial statements as at 31 december 2021

31 December 2020	Up to one year	Over one year	Total
	JD	JD	JD
<b>Assets:</b>			
Cash and balances with Central Banks	361,869,605	-	361,869,605
Balances with banks and banking institutions	131,493,633	5,264,885	136,758,518
Deposits with banks and banking institutions	-	-	-
Direct credit facilities - net	295,547,628	1,260,965,205	1,556,512,833
	-	10,000,000	10,000,000
Financial assets through comprehensive income	8,262,132	77,605,142	85,867,274
Financial assets at amortised cost	112,488,869	289,621,741	402,110,610
Property and equipment, net	-	28,527,698	28,527,698
Intangible assets, net	-	1,964,717	1,964,717
Right of use of leased assets	3,451,885	9,895,692	13,347,577
Deferred tax assets	-	36,718,616	36,718,616
Other assets	24,461,737	146,113,218	170,574,955
Assets held for sale, net	5,642,817	-	5,642,817
<b>Total assets</b>	<b>943,218,306</b>	<b>1,866,676,914</b>	<b>2,809,895,220</b>
<b>Liabilities:</b>			
Deposits with banks and banking institutions	173,687,677	-	173,687,677
Customers' deposits	1,876,967,075	583,408	1,877,550,483
Cash deposits	73,880,037	15,280	73,895,317
Borrowings	14,323,252	113,932,192	128,255,444
Liabilities against right of use leased assets	3,184,271	9,205,686	12,389,957
Loan bonds	-	11,000,000	11,000,000
Various provisions	-	14,303,613	14,303,613
Provision for income tax	-	2,176,841	2,176,841
Deferred tax liabilities	-	2,555,136	2,555,136
Other liabilities	-	56,119,661	56,119,661
Liabilities directly associated with assets held for sale	1,529,164	-	1,529,164
<b>Total liabilities</b>	<b>2,143,571,475</b>	<b>209,891,817</b>	<b>2,353,463,293</b>
<b>Net assets</b>	<b>(1,200,353,170)</b>	<b>1,656,785,097</b>	<b>456,431,927</b>

**(44) Fair value hierarchy****A. Fair value of financial assets and financial liabilities of the Bank designated at fair value on an ongoing basis:**

Some of the Bank's financial assets and financial liabilities are valued at fair value at the end of each reporting period, and the following table shows information about how to determine the fair value of these financial assets and financial liabilities (valuation methods and inputs used).

Financial assets / financial liabilities	Fair value 31 December 2021	Fair value 31 December 2020	Level of Fair value	Valuation method and inputs used	Significant inputs unobservable	Relationship between significant inputs unobservable and fair value
	JD	JD				
<b>Financial assets at fair value</b>						
<b>Financial assets at fair value through other comprehensive income</b>	<b>4,133,548</b>	<b>-</b>	<b>Level 1</b>	<b>Quoted prices in financial markets</b>	<b>N/A</b>	<b>N/A</b>
Shares with available market prices	19,114,012	17,784,848	Level 1	Quoted prices in financial markets	N/A	N/A
Shares with non-available market prices	26,204,532	25,505,244	Level 2	Quoted prices in financial markets compared with the market value of a similar financial instrument	N/A	N/A
Bonds quoted in active markets	24,660,562	29,366,838	Level 1	Quoted prices in financial markets	N/A	N/A
Bonds unquoted in active markets	5,000,000	13,210,344	Level 2	compared with the market value of a similar financial instrument	N/A	N/A
<b>Total financial assets at fair value</b>	<b>79,112,655</b>	<b>85,867,273</b>				

There were no transfers between level 1 and level 2 during the years 2021 and 2020.

## B. Fair value of financial assets and financial liabilities of the Bank undesignated at fair value on an ongoing basis:

Except for what is described in the table below, we believe that the carrying amounts of the financial assets and financial liabilities shown in the Bank's financial statements approximate their fair values because the Bank's management believes that the carrying amount of the items below is approximately equivalent to their fair value due to their short-term maturities, or their interest rates are re-priced during the year.

Financial assets undesignated at fair value	31 December 2021		31 December 2020		Fair value level
	Carrying amount	Fair Value	Carrying amount	Fair Value	
	JD	JD	JD	JD	JD
Balances with central banks	255,409,613	255,434,435	297,372,740	297,402,329	Level 2
Balances with banks and banking institutions	142,138,455	142,138,455	136,758,518	137,907,866	Level 2
Direct credit facilities	1,687,286,812	1,689,123,101	1,556,512,833	1,576,233,016	Level 2
Financial assets at amortised cost	494,569,305	501,632,385	402,110,610	407,258,722	Levels 1 & 2
<b>Total financial assets undesignated at fair value</b>	<b>2,579,404,185</b>	<b>2,588,328,376</b>	<b>2,392,754,701</b>	<b>2,418,801,933</b>	
Financial liabilities undesignated at fair value					
Deposits with banks and banking institutions	166,945,457	167,156,130	173,687,677	174,487,555	Level 2
Customers' deposits	1,937,299,470	1,944,390,858	1,877,550,483	1,884,988,124	Level 2
Cash deposits	93,079,208	93,896,983	73,895,317	74,540,948	Level 2
Borrowings	239,115,636	240,350,421	128,255,444	128,873,630	Level 2
<b>Total financial liabilities undesignated at fair value</b>	<b>2,436,439,771</b>	<b>2,445,794,392</b>	<b>2,253,388,921</b>	<b>2,262,890,257</b>	

For the above items, the fair value of financial assets and financial liabilities for levels 2 and 3 is designated according to agreed pricing models which reflect the credit risk of the parties with which they are dealt.

## (45) Contingent commitments and liabilities (off the statement of financial position)

### A. Credit commitments and liabilities:

A. Letters of credits, guarantees and acceptances	31 December	
	2021	2020
	JD	JD
Letters of credit	44,478,714	38,279,039
Guarantees		
Payment	136,955,343	134,389,721
Performance bonds	62,481,131	70,233,996
Others	24,245,510	27,241,469
Acceptances	30,840,184	15,917,115
<b>Total</b>	<b>299,000,882</b>	<b>286,061,339</b>

## Notes to the consolidated financial statements as at 31 december 2021

B. Unutilised limits	31 December	
	2021	2020
	JD	JD
Unutilised direct credit facilities limits	265,242,287	206,560,567
Unutilised indirect credit facilities limits	94,380,728	113,041,399
<b>Total</b>	<b>359,623,015</b>	<b>319,601,966</b>
<b>Total indirect facilities</b>	<b>658,623,897</b>	<b>605,663,306</b>

C. Expected credit losses	31 December	
	2021	2020
	JD	JD
Letters of credit	310,899	176,236
Guarantees	2,317,704	3,412,034
Acceptances	324,060	101,539
Non-unutilised direct credit facilities limits	1,903,105	2,171,442
Non-unutilised indirect credit facilities limits	721,089	1,028,046
<b>Expected credit losses net</b>	<b>5,576,858</b>	<b>6,889,297</b>
<b>net indirect facilities</b>	<b>653,047,039</b>	<b>598,774,009</b>

D. Contractual liabilities (capital expenditure):	31 December	
	2021	2020
	JD	JD
Contracts to purchase property and equipment	2,084,739	2,099,640
Project construction contracts	2,966,582	1,891,195
Other purchase contracts	5,275,606	977,834
<b>Total</b>	<b>10,326,927</b>	<b>4,968,669</b>

## Notes to the consolidated financial statements as at 31 december 2021

- Below is the disclosure of the movement on the balance of indirect credit facilities collectively during the years ended 31 December 2021 and 2020:

31 December 2021 Description	Stage 1		Stage 2		Stage 3	Total
	Individually	Collectively	Individually	Collectively		
	JD	JD	JD	JD	JD	JD
<b>31 December 2021</b>						
Balance at the beginning of the year	590,673,165	-	12,441,568	-	2,548,573	605,663,306
New facilities during the year	220,298,845	-	510,611	-	28,917	220,838,373
Facilities payable during the year	(161,026,186)	-	(5,060,758)	-	(727,337)	(166,814,281)
Transferred to Stage 1	3,896,794	-	(3,852,267)	-	(44,527)	-
Transferred to stage 2	(738,192)	-	913,042	-	(174,850)	-
Transferred to stage 3	(196,278)	-	(319,076)	-	515,354	-
Changes resulting from adjustments	-	-	-	-	-	-
Facilities written off	-	-	-	-	(1,063,500)	(1,063,500)
<b>Balance at the end of the year</b>	<b>652,908,147</b>	<b>-</b>	<b>4,633,119</b>	<b>-</b>	<b>1,082,631</b>	<b>658,623,897</b>
<b>31 December 2020</b>						
Balance at the beginning of the year	660,587,626	-	12,366,317	-	2,749,443	675,703,386
New facilities during the year	123,152,368	-	2,171,572	-	128,661	125,452,600
Facilities payable during the year	(191,459,694)	-	(3,286,199)	-	(746,787)	(195,492,680)
Transferred to Stage 1	2,860,626	-	(2,701,074)	-	(159,552)	-
Transferred to stage 2	(3,834,238)	-	4,083,891	-	(249,653)	-
Transferred to stage 3	(633,523)	-	(192,938)	-	826,461	-
Changes resulting from adjustments	-	-	-	-	-	-
Facilities written off	-	-	-	-	-	-
<b>Balance at the end of the year</b>	<b>590,673,165</b>	<b>-</b>	<b>12,441,568</b>	<b>-</b>	<b>2,548,573</b>	<b>605,663,306</b>

## Notes to the consolidated financial statements as at 31 december 2021

- Below is the disclosure of the movement on the provision for expected credit losses of indirect facilities collectively during the years ended 31 December 2021 and 2020:

31 December 2021 Description	Stage 1		Stage 2		Stage 3	Total
	Individually	Collectively	Individually	Collectively		
	JD	JD	JD	JD	JD	JD
<b>31 December 2021</b>						
Balance at the beginning of the year	4,265,557	-	592,111	-	2,031,629	6,889,297
Expected credit losses on new facilities during the year	2,420,692	-	99,046	-	200,459	2,720,198
Recovered from expected credit losses on facilities paid during the year	(2,063,102)	-	(447,796)	-	(458,239)	(2,969,137)
Transferred to Stage 1	74,550	-	(50,228)	-	(24,321)	-
Transferred to stage 2	(10,839)	-	104,535	-	(93,696)	--
Transferred to stage 3	(3,195)	-	(67,114)	-	70,310	--
Changes resulting from adjustments	-	-	-	-	0	-
Facilities written off	-	-	-	-	(1,063,500)	(1,063,500)
<b>Balance at the end of the year</b>	<b>4,683,663</b>	<b>-</b>	<b>230,553</b>	<b>-</b>	<b>662,642</b>	<b>5,576,858</b>
<b>31 December 2020</b>						
Balance at the beginning of the year	2,957,220	-	434,642	-	2,011,721	5,403,583
Expected credit losses on new facilities during the year	2,275,982	-	293,517	-	444,967	3,014,466
Recovered from expected credit losses on facilities paid during the year	(1,100,862)	-	(189,881)	-	(238,009)	(1,528,752)
Transferred to Stage 1	163,603	-	(98,980)	-	(64,622)	-
Transferred to stage 2	(22,362)	-	163,543	-	(141,181)	-
Transferred to stage 3	(8,023)	-	(10,730)	-	18,754	-
Changes resulting from adjustments	-	-	-	-	-	-
Facilities written off	-	-	-	-	-	-
<b>Balance at the end of the year</b>	<b>4,265,557</b>	<b>-</b>	<b>592,111</b>	<b>-</b>	<b>2,031,629</b>	<b>6,889,297</b>

- Below is the disclosure of the distribution of the total letters of credit according to the Bank's internal rating categories as at 31 December 2021 and 2020:

Credit rating categories based on the Bank's bylaw	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
	JD	JD	JD	JD
<b>31 December 2021</b>				
From (1) to (5)	38,383,855	-	-	38,383,855
From (6) to (7)	6,094,859	-	-	6,094,859
From (8) to (10)	-	-	-	-
Unrated	-	-	-	-
<b>Total</b>	<b>44,478,714</b>	<b>-</b>	<b>-</b>	<b>44,478,714</b>
<b>31 December 2020</b>				
From (1) to (5)	31,455,989	-	-	31,455,989
From (6) to (7)	6,580,253	242,797	-	6,823,050
From (8) to (10)	-	-	-	-
Unrated	-	-	-	-
<b>Total</b>	<b>38,036,242</b>	<b>242,797</b>	<b>-</b>	<b>38,279,039</b>

## Notes to the consolidated financial statements as at 31 december 2021

- Below is the disclosure of the movement on the balance of letters of credit during the years ended 31 December 2021 and 2020:

Description	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
	JD	JD	JD	JD
<b>31 December 2021</b>				
Balance at the beginning of the year	38,036,242	242,797	-	38,279,039
New facilities during the year	25,423,164	-	-	25,423,164
Facilities paid during the year	(18,980,692)	(242,797)	-	(19,223,489)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Written off facilities (written off and transferred off- the statement of financial position)	-	-	-	-
<b>Balance at the end of the year</b>	<b>44,478,714</b>	<b>-</b>	<b>-</b>	<b>44,478,714</b>
<b>31 December 2020</b>				
Balance at the beginning of the year	96,390,452	433,408	56,596	96,880,456
New facilities during the year	7,603,716	242,797	-	7,846,514
Facilities paid during the year	(66,010,424)	(380,911)	(56,596)	(66,447,931)
Transferred to stage 1	101,173	(101,173)	-	-
Transferred to stage 2	(48,676)	48,676	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Written off facilities (written off and transferred off- the statement of financial position)	-	-	-	-
<b>Balance at the end of the year</b>	<b>38,036,242</b>	<b>242,797</b>	<b>-</b>	<b>38,279,039</b>

## Notes to the consolidated financial statements as at 31 december 2021

- Below is the disclosure of the movement on the provision for expected credit losses for letters of credit during the years ended 31 December 2021 and 2020:

Description	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
	JD	JD	JD	JD
<b>31 December 2021</b>				
Balance at the beginning of the year	176,100	136	-	176,236
Expected credit losses on new facilities during the year	270,388	-	-	270,388
Recovered from expected credit losses on facilities paid during the year	(135,589)	(136)	-	(135,724)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Provision for written-off facilities	-	-	-	-
<b>Balance at the end of the year</b>	<b>310,899</b>	<b>-</b>	<b>-</b>	<b>310,899</b>
<b>31 December 2020</b>				
Balance at the beginning of the year	493,421	8,791	41,766	543,978
Expected credit losses on new facilities during the year	106,816	136	-	106,952
Recovered from expected credit losses on facilities paid during the year	(425,976)	(6,952)	(41,766)	(474,694)
Transferred to stage 1	2,371	(2,371)	-	-
Transferred to stage 2	(532)	532	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Provision for written-off facilities	-	-	-	-
<b>Balance at the end of the year</b>	<b>176,100</b>	<b>136</b>	<b>-</b>	<b>176,236</b>

## Notes to the consolidated financial statements as at 31 december 2021

- Below is the disclosure of the distribution of the total guarantees according to the Bank's internal rating categories as at 31 December 2021 and 2020:

Credit rating categories based on the Bank's by law	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
	JD	JD	JD	JD
<b>31 December 2021</b>				
From (1) to (5)	174,458,789	127,488	-	174,586,277
From (6) to (7)	44,808,599	3,442,100	-	48,250,698
From (8) to (10)	-	-	845,008	845,008
Unrated	-	-	-	-
<b>Total</b>	<b>219,267,388</b>	<b>3,569,588</b>	<b>845,008</b>	<b>223,681,984</b>
<b>31 December 2020</b>				
From (1) to (5)	205,911,190	309,361	-	206,220,551
From (6) to (7)	17,610,356	6,014,117	-	23,624,472
From (8) to (10)	-	-	-	-
Unrated	-	-	2,020,162	2,020,162
<b>Total</b>	<b>223,521,546</b>	<b>6,323,477</b>	<b>2,020,162</b>	<b>231,865,186</b>

- Below is the disclosure of the movement on the balance of guarantees during the years ended 31 December 2021 and 2020:

Description	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
	JD	JD	JD	JD
<b>31 December 2021</b>				
Balance at the beginning of the year	223,521,546	6,323,477	2,020,162	231,865,185
New facilities during the year	31,794,493	27,136	-	31,821,629
Facilities paid during the year	(38,218,696)	(328,921)	(393,714)	(38,941,330)
Transferred to stage 1	2,480,742	(2,480,742)	-	-
Transferred to stage 2	(233,197)	252,347	(19,150)	-
Transferred to stage 3	(77,500)	(223,710)	301,210	-
Changes resulting from adjustments	-	-	-	-
Written off facilities (written off and transferred off-the statement of financial position)	-	-	(1,063,500)	(1,063,500)
<b>Balance at the end of the year</b>	<b>219,267,388</b>	<b>3,569,587</b>	<b>845,008</b>	<b>223,681,984</b>
<b>31 December 2020</b>				
Balance at the beginning of the year	229,423,531	5,054,012	2,140,042	236,617,584
New facilities during the year	42,148,859	23,695	15,000	42,187,554
Facilities paid during the year	(46,090,685)	(542,046)	(307,222)	(46,939,953)
Transferred to stage 1	1,021,545	(927,045)	(94,500)	-
Transferred to stage 2	(2,670,803)	2,842,803	(172,000)	-
Transferred to stage 3	(310,902)	(127,941)	438,843	-
Changes resulting from adjustments	-	-	-	-
Written off facilities (written off and transferred off-the statement of financial position)	-	-	-	-
<b>Balance at the end of the year</b>	<b>223,521,546</b>	<b>6,323,477</b>	<b>2,020,162</b>	<b>231,865,185</b>

## Notes to the consolidated financial statements as at 31 december 2021

- Below is the disclosure of the movement on the provision for expected credit losses for guarantees during the years ended 31 December 2021 and 2020:

Description	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
	JD	JD	JD	JD
<b>31 December 2021</b>				
Balance at the beginning of the year	1,481,351	180,758	1,749,925	3,412,034
Expected credit losses on new facilities during the year	608,621	48,985	130,548	788,154
Recovered from expected credit losses on facilities paid during the year	(438,625)	(85,675)	(294,684)	(818,984)
Transferred to stage 1	5,300	(5,300)	-	-
Transferred to stage 2	(915)	4,881	(3,966)	--
Transferred to stage 3	(237)	(8,499)	8,736	-
Changes resulting from adjustments	-	-	-	-
Provision for written-off facilities	-	-	(1,063,500)	(1,063,500)
<b>Balance at the end of the year</b>	<b>1,655,495</b>	<b>135,150</b>	<b>527,059</b>	<b>2,317,704</b>
<b>31 December 2020</b>				
Balance at the beginning of the year	643,496	83,044	1,692,245	2,418,785
Expected credit losses on new facilities during the year	945,368	92,365	233,562	1,271,295
Recovered from expected credit losses on facilities paid during the year	(138,928)	(97,660)	(41,458)	(278,046)
Transferred to stage 1	41,945	(2,377)	(39,568)	-
Transferred to stage 2	(7,988)	105,694	(97,706)	-
Transferred to stage 3	(2,541)	(308)	2,849	-
Changes resulting from adjustments	-	-	-	-
Provision for written-off facilities	-	-	-	-
<b>Balance at the end of the year</b>	<b>1,481,351</b>	<b>180,758</b>	<b>1,749,925</b>	<b>3,412,034</b>

- Below is the disclosure of the distribution of the total acceptances according to the Bank's internal rating categories as at 31 December 2021 and 2020:

Credit rating categories based on the Bank's by law	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
	JD	JD	JD	JD
<b>31 December 2021</b>				
From (1) to (5)	19,159,405	-	-	19,159,405
From (6) to (7)	11,514,269	166,511	-	11,680,780
From (8) to (10)	-	-	-	-
Unrated	-	-	-	-
<b>Total</b>	<b>30,673,673</b>	<b>166,511</b>	<b>-</b>	<b>30,840,184</b>
<b>31 December 2020</b>				
From (1) to (5)	15,104,924	51,006	-	15,155,930
From (6) to (7)	761,184	-	-	761,184
From (8) to (10)	-	-	-	-
Unrated	-	-	-	-
<b>Total</b>	<b>15,866,108</b>	<b>51,006</b>	<b>-</b>	<b>15,917,115</b>

## Notes to the consolidated financial statements as at 31 december 2021

- Below is the disclosure of the movement on the balance of acceptances during the years ended 31 December 2021 and 2020:

Description	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
	JD	JD	JD	JD
<b>31 December 2021</b>				
Balance at the beginning of the year	15,866,108	51,006	-	15,917,115
New facilities during the year	22,265,950	166,511	-	22,432,461
Facilities paid during the year	(7,509,392)	-	-	(7,509,392)
Transferred to stage 1	51,006	(51,006)	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Written off facilities (written off and transferred off- the statement of financial position)	-	-	-	-
<b>Balance at the end of the year</b>	<b>30,673,673</b>	<b>166,511</b>	<b>-</b>	<b>30,840,184</b>
<b>31 December 2020</b>				
Balance at the beginning of the year	20,013,606	503,060	-	20,516,666
New facilities during the year	7,912,937	-	-	7,912,937
Facilities paid during the year	(12,024,027)	(488,461)	-	(12,512,489)
Transferred to stage 1	61,199	(61,199)	-	-
Transferred to stage 2	(97,607)	97,607	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Written off facilities (written off and transferred off- the statement of financial position)	-	-	-	-
<b>Balance at the end of the year</b>	<b>15,866,108</b>	<b>51,006</b>	<b>-</b>	<b>15,917,115</b>

- Below is the disclosure of the movement on the provision for expected credit losses for acceptances during the years ended 31 December 2021 and 2020:

Description	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
	JD	JD	JD	JD
<b>31 December 2021</b>				
Balance at the beginning of the year	100,957	582	-	101,539
Expected credit losses on new facilities during the year	290,520	168	-	290,688
Recovered from expected credit losses on facilities paid during the year	(68,167)	-	-	(68,167)
Transferred to stage 1	582	(582)	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Provision for written-off facilities	-	-	-	-
<b>Balance at the end of the year</b>	<b>323,893</b>	<b>168</b>	<b>-</b>	<b>324,060</b>
<b>31 December 2020</b>				
Balance at the beginning of the year	91,044	16,886	-	107,930
Expected credit losses on new facilities during the year	61,341	-	-	61,341
Recovered from expected credit losses on facilities paid during the year	(52,309)	(15,424)	-	(67,733)
Transferred to stage 1	2,070	(2,070)	-	-
Transferred to stage 2	(1,190)	1,190	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Provision for written-off facilities	-	-	-	-
<b>Balance at the end of the year</b>	<b>100,957</b>	<b>582</b>	<b>-</b>	<b>101,539</b>

## Notes to the consolidated financial statements as at 31 december 2021

- Below is the disclosure of the distribution of the total non-utilized direct facilities limits according to the Bank's internal rating categories as at 31 December 2021 and 2020:

Credit rating categories based on the Bank's by law	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
	JD	JD	JD	JD
<b>31 December 2021</b>				
From (1) to (5)	188,084,989	258,653	-	188,343,642
From (6) to (7)	27,087,048	84,730	-	27,171,777
From (8) to (10)	-	-	-	-
Unrated	48,935,608	553,637	237,622	49,726,867
<b>Total</b>	<b>264,107,645</b>	<b>897,020</b>	<b>237,622</b>	<b>265,242,287</b>
<b>31 December 2020</b>				
From (1) to (5)	135,954,068	220,479	-	136,174,547
From (6) to (7)	24,124,148	2,185,185	-	26,309,333
From (8) to (10)	-	-	118,296	118,296
Unrated	42,970,282	577,995	410,115	43,958,392
<b>Total</b>	<b>203,048,499</b>	<b>2,983,658</b>	<b>528,411</b>	<b>206,560,567</b>

- Below is the disclosure of the distribution of the total non-utilized direct facilities limits according to the Bank's internal rating categories as at 31 December 2021 and 2020:

Description	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
	JD	JD	JD	JD
<b>31 December 2021</b>				
Balance at the beginning of the year	203,048,499	2,983,658	528,411	206,560,567
New facilities during the year	124,664,143	316,964	28,917	125,010,024
Facilities paid during the year	(64,139,980)	(1,854,702)	(333,623)	(66,328,305)
Transferred to stage 1	1,158,755	(1,114,228)	(44,527)	-
Transferred to stage 2	(504,995)	660,694	(155,700)	-
Transferred to stage 3	(118,778)	(95,366)	214,144	-
Changes resulting from adjustments	-	-	-	-
Written off facilities (written off and transferred off-the statement of financial position)	-	-	-	-
<b>Balance at the end of the year</b>	<b>264,107,645</b>	<b>897,020</b>	<b>237,622</b>	<b>265,242,287</b>
<b>31 December 2020</b>				
Balance at the beginning of the year	209,377,048	1,979,573	552,805	211,909,426
New facilities during the year	43,034,824	1,678,321	113,661	44,826,806
Facilities paid during the year	(49,070,165)	(722,531)	(382,969)	(50,175,664)
Transferred to stage 1	788,317	(723,265)	(65,052)	-
Transferred to stage 2	(758,904)	836,557	(77,653)	-
Transferred to stage 3	(322,621)	(64,997)	387,618	-
Changes resulting from adjustments	-	-	-	-
Written off facilities (written off and transferred off-the statement of financial position)	-	-	-	-
<b>Balance at the end of the year</b>	<b>203,048,499</b>	<b>2,983,658</b>	<b>528,411</b>	<b>206,560,567</b>

## Notes to the consolidated financial statements as at 31 december 2021

- Below is the disclosure of the movement on the provision for expected credit losses for non-utilized direct facilities limits during the years ended 31 December 2021 and 2020:

Description	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
	JD	JD	JD	JD
<b>31 December 2021</b>				
Adjusted balance at the beginning of the year	1,695,606	194,132	281,704	2,171,442
Expected credit losses on new facilities during the year	963,578	49,893	69,912	1,083,383
Recovered from expected credit losses on facilities paid during the year	(1,039,437)	(148,728)	(163,555)	(1,351,720)
Transferred to stage 1	65,422	(41,101)	(24,321)	-
Transferred to stage 2	(9,925)	99,655	(89,730)	-
Transferred to stage 3	(2,959)	(58,615)	61,574	--
Changes resulting from adjustments	-	-	-	-
Provision for written-off facilities	-	-	-	-
<b>Balance at the end of the year</b>	<b>1,672,287</b>	<b>95,235</b>	<b>135,583</b>	<b>1,903,105</b>
<b>31 December 2020</b>				
Adjusted balance at the beginning of the year	1,286,348	148,307	277,710	1,712,364
Expected credit losses on new facilities during the year	727,999	109,150	211,405	1,048,554
Recovered from expected credit losses on facilities paid during the year	(389,837)	(44,853)	(154,786)	(589,476)
Transferred to stage 1	87,164	(62,110)	(25,054)	-
Transferred to stage 2	(10,585)	54,060	(43,475)	-
Transferred to stage 3	(5,482)	(10,423)	15,905	-
Changes resulting from adjustments	-	-	-	-
Provision for written-off facilities	-	-	-	-
<b>Balance at the end of the year</b>	<b>1,695,606</b>	<b>194,132</b>	<b>281,704</b>	<b>2,171,442</b>

- Below is the disclosure of the distribution of the total non-utilized indirect facilities limits according to the Bank's internal rating categories as at 31 December 2021 and 2020:

Credit rating categories based on the Bank's by law	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
	JD	JD	JD	JD
<b>31 December 2021</b>				
From (1) to (5)	78,539,659	-	-	78,539,659
From (6) to (7)	15,841,069	-	-	15,841,069
From (8) to (10)	-	-	-	-
Unrated	-	-	-	-
<b>Total</b>	<b>94,380,728</b>	<b>-</b>	<b>-</b>	<b>94,380,728</b>
<b>31 December 2020</b>				
From (1) to (5)	99,428,442	321,129	-	99,749,571
From (6) to (7)	10,772,328	2,519,500	-	13,291,828
From (8) to (10)	-	-	-	-
Unrated	-	-	-	-
<b>Total</b>	<b>110,200,770</b>	<b>2,840,629</b>	<b>-</b>	<b>113,041,399</b>

## Notes to the consolidated financial statements as at 31 december 2021

- Below is the disclosure of the movement on the balance of non-utilized indirect facilities limits during the years ended 31 December 2021 and 2020:

Description	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
	JD	JD	JD	JD
<b>31 December 2021</b>				
Balance at the beginning of the year	110,200,770	2,840,629	-	113,041,399
New facilities during the year	16,151,095	-	-	16,151,095
Facilities paid during the year	(32,177,426)	(2,634,339)	-	(34,811,765)
Transferred to stage 1	206,290	(206,290)	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Written off facilities (written off and transferred off-the statement of financial position)	-	-	-	-
<b>Balance at the end of the year</b>	<b>94,380,728</b>	<b>-</b>	<b>-</b>	<b>94,380,728</b>
<b>31 December 2020</b>				
Balance at the beginning of the year	105,382,990	4,396,263	-	109,779,253
New facilities during the year	22,452,031	226,758	-	22,678,789
Facilities paid during the year	(18,264,393)	(1,152,250)	-	(19,416,643)
Transferred to stage 1	888,391	(888,391)	-	-
Transferred to stage 2	(258,249)	258,249	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Written off facilities (written off and transferred off-the statement of financial position)	-	-	-	-
<b>Balance at the end of the year</b>	<b>110,200,770</b>	<b>2,840,629</b>	<b>-</b>	<b>113,041,399</b>

## Notes to the consolidated financial statements as at 31 december 2021

- Below is the disclosure of the movement on the provision for expected credit losses for -unutilized indirect facilities limits during the years ended 31 December 2021 and 2020:

Description	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
	JD	JD	JD	JD
<b>31 December 2021</b>				
Balance at the beginning of the year	811,543	216,503	-	1,028,046
Expected credit losses on new facilities during the year	287,586	-	-	287,586
Recovered from expected credit losses on facilities paid during the year	(381,284)	(213,258)	-	(594,542)
Transferred to stage 1	3,245	(3,245)	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Provision for written-off facilities	-	-	-	-
<b>Balance at the end of the year</b>	<b>721,089</b>	<b>--</b>	<b>-</b>	<b>721,089</b>
<b>31 December 2020</b>				
Balance at the beginning of the year	442,912	177,614	-	620,525
Expected credit losses on new facilities during the year	434,458	91,866	-	526,324
Recovered from expected credit losses on facilities paid during the year	(93,812)	(24,992)	-	(118,804)
Transferred to stage 1	30,052	(30,052)	-	-
Transferred to stage 2	(2,068)	2,068	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Provision for written-off facilities	-	-	-	-
<b>Balance at the end of the year</b>	<b>811,543</b>	<b>216,503</b>	<b>-</b>	<b>1,028,046</b>

### (46) Cases filed against the Bank

The value of the cases filed against the bank and its subsidiary amounted to JD 10,364,879 as on 31 December 2021, compared to JD 9,608,464 as on 31 December 2020 as the opinion of the management and the bank's legal advisor, the bank will not have obligations that exceed the allowance taken for it, which amounted to JD 1,708,525 as on 31 December 2021 compared to JD 1,459,097 as on 31 December 2020.

**(47) Assets held for sale and discontinued operations****A. Investment in United Financial Investments Company:**

According to the decision of the Board Committee for Management and Investment on 02 February 2020, it was decided to approve the merger of the United Financial Investments Company and the Specialized Managerial Company for Investment and Financial Consultation with a company that practices investment and brokerage businesses, and the merger process is expected to be completed within the next few months.

	31 December 2020
	JD
<b>Profit for the year from discontinued operations</b>	
Total revenue	222,034
Less: total expenses	889,641
<b>Loss for the year before tax</b>	<b>(667,607)</b>
Tax benefits	(60,167)
<b>Net loss for the year</b>	<b>(607,440)</b>
<b>Parent's share in the loss of the subsidiary</b>	<b>(379,547)</b>

Assets held for sale	31 December 2020	
	Company's data	Share of Parent (The Bank)
	JD	JD
Cash on hand and bank balances	281,983	176,192
Direct credit facilities, net	1,370,964	856,621
Financial assets at fair value through statement of income	4,261,622	2,662,793
Property and equipment, net	351,414	219,574
Deferred tax assets	1,136,512	710,128
Other assets	3,363,637	2,101,704
<b>Total assets</b>	<b>10,766,132</b>	<b>6,727,012</b>
Less: impairment loss of assets held for sale	-	(1,529,842)
	10,766,132	5,197,170
<b>Liabilities associated with assets held for sale</b>		
Provision for Income tax	59,454	37,149
Other liabilities	2,180,051	1,362,163
<b>Total liabilities</b>	<b>2,239,505</b>	<b>1,399,312</b>
<b>Equity directly associated with assets held for sale</b>	<b>(35,505)</b>	<b>(22,185)</b>

**B. Investment in Specialized Managerial Company for Investment and Financial Consultation:**

According to the decision of the Board Committee for Management and Investment on 02 February 2020, it was decided to approve the merger of the Specialized Managerial Company for Investment and Financial Consultation and the United Financial Investments Company with a company that practices investment and brokerage businesses, noting that the sale of the company to United Financial Investment Company occurred during the last quarter of 2021.

	For the year ended 31 December 2020
	JD
Profit for the year from discontinued operations	
Total revenues	180,103
Total expenses	357,753
<b>Loss for the period before tax</b>	<b>(177,650)</b>
Tax expense / tax (surplus)	(18,382)
<b>Net profit for the year</b>	<b>(159,268)</b>

	Company's data	Share of Parent (The Bank)
	JD	JD
<b>Assets held for sale</b>		
Cash on hand and bank balances	232,319	232,319
Direct credit facilities, net	110,500	110,500
Property and equipment, net	10,026	10,026
Other assets	92,803	92,803
<b>Total assets</b>	<b>445,648</b>	<b>445,648</b>
<b>Liabilities associated with assets held for sale</b>		
Payables	110,000	110,000
Other liabilities	19,852	19,852
<b>Total liabilities</b>	<b>129,852</b>	<b>129,852</b>



## Statement of Disclosure

### Statement of Disclosure for the Financial Year ending 31/12/2021, in accordance with article (4) of the disclosure regulations, the accounting and auditing standards issued by the Jordan Securities Commission.

#### Item

**4a: Chairman's Statement:** Included in the report.

**4b/1: Description of main activities:** Included in the report.

The Bank operates through its head office in Abdali - Amman and 66 branches in Jordan and one branch in Cyprus. Total capital expenditure for the year 2021 amounted to JOD10.3 million. The table below shows the Bank's locations and the number of staff at each.

Location	No. of Staff	Location	No. of Staff	Location	No. of Staff	Location	No. of Staff
Head Office	720	Shmeissani Branch	15	Petra University Branch	6	King Hussien Bin Talal St. Branch/ Zarqa	7
Jawal Branch	4	Sweifiyah Branch	9	Yarmouk University Branch	9	King Abdullah II Street Branch/ Irbid	10
Main Branch	13	Abdali Branch	14	Amman Ahliyyah University Branch	6	Mecca Street Branch	12
Ibn Khaldoun Branch	7	Abdali Mall Branch	10	Jabal Al-Hussein Branch	10	Southern Sweileh Branch	9
Abu-Hassan Mall Branch	10	Aqaba Branch	11	Jabal Amman Branch	10	Tabarbour Branch	9
Abu-Alanda Branch	10	Al-Karak Branch	8	Jerash Branch	9	Abdoun Branch	13
Abu-Nsair Branch	8	Al-Madina Al-Riyadiyah Branch	9	Nazzal Branch	8	Amra Branch	9
Irbid Branch	18	Commercial Center Branch	9	Khalda Branch	7	Madaba Branch	8
Baq'ah Branch	8	Al-Mafraq Branch	8	Dabouq Branch	10	Marka Branch	10
Jubaiha Branch	12	Al-Mougablain Branch	10	Dair Ghbar Branch	7	Marj El Hamam Branch	9
Al Huson Branch	8	Free Zone - Zarqa Branch	8	Zahrn Branch	7	King Abdullah Bureau Branch	4
Al-Rabiyah Branch	7	Hashmi Al Shamali Branch	8	Zain Branch	6	Mecca Mall Branch	9
Russaifeh Branch	8	Wehdat Branch	10	Samarah Mall Branch	6	Wadi El-Seir Branch	12
Al-Rawnaq Branch	7	Yarmouk Branch	9	Vegetable Market Branch	9	Wadi Saqra Branch	14
Zarqa Branch	15	Taj Mall Branch	10	City Mall Branch	11	Fuhais Branch	5
New Zarqa Branch	8	Tla'a El'Ali Branch	12	Dome Of The Rock Branch	8	Bab Al Madinah Branch/ Zarqa	4
Al-Salt Branch	7	Galleria Mall Branch	9	Madinah Munawarah Branch	12	Cyprus Branch	12
United Financial Investments Co. (Subsidiary )							10
Sanad Capital							3
Ejara Leasing Co. (Subsidiary)							30

## Statement of Disclosure

### 4b /2: Subsidiaries:

#### **United Financial Investments Company**

United Financial Investments Co. (UFICO) was established in 1980 as a private shareholding company with a capital of JOD150 thousand.

In 1995 the company was restructured as a public shareholding company with a capital of JOD1.5 million. The company's capital was increased during the period from 1997 to 2010 in several stages through the distribution of free shares to the shareholders. The company's capital is currently JD8 million.

The company offers brokerage and advisory services, and obtained from the Jordan Securities Commission the license to work as an investment manager and license to work in margin trading.

The Company's H.Q. is located in Shmeissani, Amman with 10 working employees.

#### **Ejara Leasing Company**

Ejara Leasing Company was established on January 6, 2011 as private shareholding company with paid-up capital JOD10 million (USD14.1m) fully paid by Jordan Kuwait Bank. In September 2012 Ejara's capital was raised to JD20 million (USD28.2m).

Ejara Leasing Company aims to provide innovative and high quality leasing services to supplement the banking and financing services offered at Jordan Kuwait Bank to be in line with the developments in the financial market, meet the needs of the Bank's clients and support the various economic activities, through leasing fixed assets and providing different financing alternatives in light of the changes in the financial and banking markets.

The Company's H.Q. is located in Thawabet Complex No. 61, Mecca Street, Amman, in addition to a branch in Aqaba and a branch in Irbid with 30 working employees.

#### **Specialized Management Co. For Investment & Financial Advisory (Sanad Capital)**

Sanad Capital was founded on 22/11/2016 as a private limited company with a paid-up capital of JOD530 thousand (USD747 thousand) fully paid by the Bank. The company, which commenced its operations during the first quarter of 2017, offers a wide range of financial and advisory services including managing stocks and bonds issued, financial advisory services to companies and family groups, in addition to offering financial opportunities such as establishing real estate investment funds and other financial and advisory services. Sanad Capital received its lead managed and financial advisor licenses from Jordan Securities Commission at the beginning of 2017.

The Company's H.Q. is located in Mecca Street, Amman with 3 working employees.

## Statement of Disclosure

### 4b/3/a: Members of the Board of Directors' Biographies:

**H. E. Mr. Abdel Karim A. Kabariti**  
**Chairman, Representative of Al Rawabi United Holding Co. – Kuwait – until 3/5/2021**

**Date of membership: 15/7/1997**  
**End-of-membership Date: 3/5/2021**  
**Date of Birth: 15/12/1949**

<b>Education:</b>	Bachelor degree in Business and Finance with Honors from St. Edwards University-USA, 1973.
<b>Current Positions:</b>	<ul style="list-style-type: none"><li>• Chairman, Algeria Gulf Bank – Algeria (9/2002 – Present)</li><li>• Board Member, Jordan Dairy Company</li><li>• Board Member, Burgan Bank – Kuwait (4/2004 – Present)</li><li>• Board Member, FIMBank – Malta (13/8/2020 – Present)</li><li>• Board Member, Burgan Bank - Turkey</li></ul>
<b>Previous Official &amp; Governmental Positions:</b>	<ul style="list-style-type: none"><li>• Chairman, Jordan Kuwait Bank (1997 – 5/2021)</li><li>• Member of the Jordanian Senate, Head of the Economics &amp; Finance Committee (2005 - 2007)</li><li>• Member of the Jordanian Senate, First Deputy to the Speaker (2000 – 2002)</li><li>• Chief of the Royal Court (1999 - 2000)</li><li>• Member of the Twelfth and the Eleventh Jordanian Parliaments (1993 – 1997) and (1989 – 1993) / Head of the Economics &amp; Finance Committee (1993 – 1995)</li><li>• Prime Minister, Minister of Foreign Affairs and Minister of Defense (1996 - 1997)</li><li>• Minister of Foreign Affairs (1995 - 1996)</li><li>• Minister of Labor (1991 - 1993)</li><li>• Minister of Tourism and Antiquities (1989 - 1991)</li><li>• Chairman of Board of Trustees, Al-Ahliyya Amman University (2009-2017)</li><li>• Chairman, United Financial Investments Co. (2000-2017)</li></ul>
<b>Previous Business Experiences:</b>	Worked at many financial institutions / private business (1973 – 1989)

## Statement of Disclosure

**H.E. Eng. Nasser A. Lozi**  
**Chairman / Independent Member – as of 4/5/2021**

**Date of Membership: 4/5/2021**  
**Date of Birth: 26/2/1957**

<b>Education:</b>	Bachelor degree in Civil Engineering, from University of Texas at Arlington-USA, 1979
<b>Current Positions:</b>	<ul style="list-style-type: none"> <li>• Member of the Jordanian Senate (2016 – Present)</li> <li>• Chairman, Arab Orient Insurance Co. (GIG –Jordan) ( 2013 – Present)</li> <li>• Chairman of the Board of Trustees of the King Abdullah Fund for Development (2013 – present)</li> <li>• Member of the Board of Trustees of the King Hussein Foundation (1999 - present).</li> </ul>
<b>Previous Positions:</b>	<ul style="list-style-type: none"> <li>• Chief of the Royal Court (2008 – 2011)</li> <li>• Minister of Transport ( 1999-2000)</li> <li>• Minister of Information and Culture (1999)</li> <li>• Minister of Public Works, Housing and Transport (1998 – 1999)</li> <li>• Minister of Public Works and Housing ( 1997 – 1998)</li> <li>• Minister of Transport ( 1996 – 1997)</li> <li>• The Private Sector / Contracting and Consulting Engineering (1984 - 1996)</li> <li>• Director of the Maintenance and Traffic Department at the Ministry of Public Works and Housing (1983-1984)</li> <li>• Resident Engineer in the Queen Alia International Airport Road Project / Ministry of Public Works and Housing (1980-1983)</li> </ul>
<b>Memberships in Other Companies' Board of Directors:</b>	<ul style="list-style-type: none"> <li>• Vice Chairman and Chairman of the Board of Trustees of the King Abdullah Fund for Development (2009-2013).</li> <li>• Chairman of the Board of Directors of Royal Jordanian Airlines (2006-2014).</li> <li>• Chairman of the Jordanian Royal Executive Committee for Privatization (2006-2009).</li> <li>• Chairman of the Board of Directors of the Royal Jordanian Investment Company (2006-2009).</li> <li>• Chairman, Arab Orient Insurance Co. (GIG –Jordan) ( 2000 – 2008)</li> <li>• Member of the Board of Directors - Jordan Steel Company (2002-2008).</li> <li>• New Jordan Cable Company (2002-2008).</li> <li>• Member of the Board of Directors - Jordan Kuwait Bank (2001-2008).</li> </ul>

## Statement of Disclosure

### Mr. Faisal H. Al -Ayyar Vice Chairman

**Date of membership: 15/7/1997**  
**Date of Birth: 20/12/1954**

<b>Education:</b>	Graduated as a fighter pilot – USA, 1976 and Jordanian Aviation Academy, 1981
<b>Current and Previous Positions:</b>	<ul style="list-style-type: none"> <li>• Chairman, Panther Media Group (OSN) - Dubai, UAE</li> <li>• Vice Chairman (Executive), Kuwait Projects Co. (Holding) – Kuwait – until 31/12/2021</li> <li>• Vice Chairman, Gulf Insurance Group - Kuwait</li> <li>• Vice Chairman, United Gulf Holding – Bahrain</li> <li>• Vice Chairman, United Gulf Bank - Bahrain</li> <li>• Vice Chairman, Mashare'a Al-Khair Est. - Kuwait</li> <li>• Vice Chairman, Saudi Dairy &amp; Foodstuff Co. (SADAFCO) – Kingdom Saudi Arabia</li> <li>• Board Member, Gulf Egypt for Hotels &amp; Tourism Co. - Egypt</li> <li>• Trustee, American University of Kuwait - Kuwait</li> <li>• Honorary Chairman, Kuwait Association for Learning Differences – Kuwait</li> </ul>
<b>Honors &amp; Awards:</b>	<ul style="list-style-type: none"> <li>• Kuwait Financial Forum 2009, for contributions to the Kuwait investment sector and success in global financial markets</li> <li>• Tunis Arab Economic Forum 2007</li> <li>• Lifetime Achievement Award, Beirut Arab Economic Forum 2007</li> <li>• Arab Bankers Association of North America (ABANA) Achievement Award in 2005</li> </ul>

### Mr. Masaud M. Jawhar Hayat

**Board Member, Representative of Kuwait Projects Co. (Holding) - Kuwait**  
**Date of Membership: 20/2/2001**  
**Date of Birth: 11/9/1953**

<b>Education:</b>	Bachelor degree in Economics, Kuwait University, 1973 and a High Diploma in Banking Studies, 1975.
<b>Current Positions:</b>	<ul style="list-style-type: none"> <li>• Vice Chairman &amp; Group Chief Executive Officer, Burgan Bank - Kuwait</li> <li>• Chairman, United Gulf Bank – Bahrain</li> <li>• Chairman, Tunis International Bank - Tunis</li> <li>• Vice Chairman, FIMBank - Malta</li> <li>• Vice Chairman, Algeria Gulf Bank - Algeria</li> <li>• Vice Chairman, Bank of Baghdad - Iraq</li> <li>• Board Member, KIPCO Asset Management Co. (KAMCO) - Kuwait</li> <li>• Board Member, North African Co. - Kuwait</li> <li>• Board Member, Mashare'a Al-Khair Est. - Kuwait</li> </ul>

## Statement of Disclosure

### Mr. Tariq M. Abdul Salam Board Member, Representative of Al Rawabi United Holding Co. – Kuwait as of 4/5/2021

**Board Member - until 3/5/2021**  
**Date of Membership: 15/7/1997**  
**Date of Birth: 24/8/1965**

<b>Education:</b>	Bachelor degree in Accounting, Kuwait University, 1987. Diploma in International Securities, Kuwait, 1996.
<b>Current Positions:</b>	<ul style="list-style-type: none"> <li>• Chief Executive Officer of the Investment sector, Kuwait Projects Co. (Holding) - Kuwait (1/2011 - Present)</li> <li>• Board Member, United Real Estate Company - Kuwait (4/2010 - Present)</li> <li>• Vice Chairman, North Africa Co. Holding (6/2014 – Present)</li> <li>• Board Member, KIPCO Asset Management Co. (KAMCO) - Kuwait (4/2013 - Present)</li> <li>• Board Member, Qurain Petrochemical Industries Co. (6/2012 - Present)</li> </ul>
<b>Previous Positions:</b>	<ul style="list-style-type: none"> <li>• Chairman, United Real Estate Company - Kuwait (4/2010 – 4/2019)</li> <li>• Chief Executive Officer, United Real Estate Company- Kuwait (2006-2011)</li> <li>• General Manager, KIPCO Asset Management Co. (KAMCO) (1998 - 2006)</li> <li>• Vice President, Trading and Investment Portfolio Management, Kuwait Investments Projects Co.- Kuwait (1996 – 1999)</li> <li>• Manager, Trading and Global Investment Projects Department, Kuwait Investment Projects Co.- Kuwait (1992 - 1996)</li> </ul>

### Mr. Nidal F. Qubbaj Board Member, Representative of Social Security Corporation

**Date of Membership: 17/6/2020**  
**Date of Birth: 2/7/1980**

<b>Education:</b>	Bachelor degree in Accounting, Jordan University, 2001, Master Business Administration / Accounting, Jordan University, 2006.
<b>Current Position:</b>	<ul style="list-style-type: none"> <li>• Risk Management &amp; Strategic Planning Manager, Social Security Investment Fund</li> </ul>
<b>Previous Positions:</b>	<ul style="list-style-type: none"> <li>• Head of Investment Risk Division, Social Security Investment Fund (2009-2012)</li> <li>• Acting Head of Operation Risk Function, Social Security Investment Fund (2011-2012)</li> <li>• Senior Risk Analyst, Social Security Investment Fund (2006-2009)</li> <li>• Financial Accountant, Social Security Investment Fund (2004-2005)</li> <li>• Accountant, Arab Bank (2001-2003)</li> </ul>

## Statement of Disclosure

### H.E. Mr. Marwan M. Awad Board Member, Representative of Social Security Corporation - as of 4/5/2021 Independent Board Member - until 3/5/2021

**Date of membership:** 23/5/2018  
**Date of Birth:** 11/3/1951

<b>Education:</b>	Master degree in Economics from Vanderbilt University-USA, 1980, A Diploma of Higher Education in economic development from Vanderbilt University –USA, 1980 and Bachelor degree in Accounting, Jordan University, 1973.
<b>Current Positions:</b>	<ul style="list-style-type: none"> <li>• General Manager, First International for Consultation and Arbitration</li> <li>• Chairman, Jordanian Elaf Co. for Integrated Solutions</li> <li>• Chairman, Business Risk Experts Forum</li> <li>• Vice Chairman, World Union of Arab Bankers – Beirut</li> <li>• Member of Board of Trustees, Arab Academy for Banking and Financial Sciences</li> </ul>
<b>Previous Official &amp; Governmental Positions:</b>	<ul style="list-style-type: none"> <li>• Minister of Finance (1996-1997)</li> <li>• Secretary General, Ministry of Industry and Trade ( 1991 – 1993)</li> </ul>
<b>Previous Business Experiences:</b>	<ul style="list-style-type: none"> <li>• Chairman, Social Security Investment Board</li> <li>• Vice Chairman, Royal Jordanian</li> <li>• General Manager and CEO, Jordan Ahli Bank</li> <li>• Manager, Investment and International Relations, Central Bank of Jordan</li> <li>• General Manager and CEO, Middle East Investment Bank</li> <li>• Executive Director, Qatar Islamic Bank</li> <li>• General Manager, Industrial Development Bank</li> <li>• Director and founder, Arab Institute of Banking Studies</li> </ul>

### Mr. Bijan Khosrowshahi Board Member, Representative of Odyssey Reinsurance Co. - U.S.A

**Date of Membership:** 23/3/2011  
**Date of Birth:** 23/7/1961

<b>Education:</b>	MBA, 1986 and Bachelor degree in Mechanical Engineering, Drexel University, USA, 1983.
<b>Current Positions:</b>	<ul style="list-style-type: none"> <li>• President and CEO of Fairfax International, London</li> <li>• Board member, Representative of Fairfax Financial Holdings Limited for the following companies: <ul style="list-style-type: none"> <li>– Gulf Insurance Group – Kuwait</li> <li>– Gulf Insurance &amp; Reinsurance Company (GIRI) – Kuwait</li> <li>– Bahrain Kuwait Insurance – Bahrain</li> <li>– Arab Misr Insurance Group – Egypt</li> <li>– Arab Orient Insurance Company – Jordan</li> <li>– Alliance Insurance P.S.C. – Dubai</li> <li>– BRIT Limited - United Kingdom</li> <li>– Commercial International Bank – Egypt</li> </ul> </li> </ul>
<b>Previous Positions:</b>	<ul style="list-style-type: none"> <li>• President &amp; CEO, Fuji Fire and Marine Insurance Company, Japan</li> <li>• President, AIG's General Insurance operations, Seoul, Korea (2001-2004)</li> <li>• Vice Chairman and Managing Director, AIG Sigorta, Istanbul, Turkey (1997-2001)</li> <li>• Regional Vice President, AIG's domestic property and casualty operations for the Mid-Atlantic region, USA</li> <li>• Held various underwriting and management positions with increasing responsibilities, AIG, USA since 1986</li> </ul>

## Statement of Disclosure

### H.E. Dr. Marwan J. Muasher Independent Board Member

**Date of membership: 25/4/2016**

**Date of Birth: 14/6/1956**

<b>Education:</b>	PhD in Computer Engineering, Perdue University-USA, 1981, Masters of Science in Computer Engineering, Perdue University-USA, 1978, Bachelor of Science in Computer Engineering, Perdue University-USA, 1977.
<b>Current Positions:</b>	<ul style="list-style-type: none"> <li>• Board Member, Masafat For Specialized Transport Co. (4/2015 – present)</li> <li>• Board Member, Ready Mix Concrete &amp; Construction Supplies Co. (2/2016 – present)</li> <li>• Board Member, Premier Business &amp; Projects Co. (26/4/2018- Present)</li> <li>• Vice President for Studies, The Middle East Program, The Carnegie Endowment for International Peace (2010- present)</li> <li>• Member of the Board of Trustees, American University of Beirut (2007-present)</li> <li>• Member of the Aspen Ministers Forum (2009- present)</li> <li>• Advisory Board Member, IMF Middle East Department (2010 – present)</li> <li>• Advisory Board Member, Purdue University Global Policy Research Institute (2010 –present)</li> <li>• Advisory Board Member, The Hague Institute for Global Justice (2011- present)</li> <li>• Board Member, Partners for Demographic Change (2013- present)</li> <li>• Board Member, The Asfari Foundation (2013 –present)</li> <li>• Board Member, The Global Centre on Pluralism (2014- present)</li> </ul>
<b>Previous Positions:</b>	<ul style="list-style-type: none"> <li>• Senior Fellow, Yale University (2010-2011)</li> <li>• Senior Vice President – External Affairs, The World Bank (2007-2010)</li> <li>• Member of the Jordanian Senate (2005-2007)</li> <li>• Deputy Prime Minister and Government Spokesperson (7/2005-11/2005)</li> <li>• Minister of the Royal Court (Chief of Staff) for King Abdullah II of Jordan (4/2005-7/2005)</li> <li>• Deputy Prime Minister in charge of reform and government performance (2004-2005)</li> <li>• Minister of Foreign Affairs (2002-2004)</li> <li>• Jordan’s Ambassador to the United States (1997-2002)</li> <li>• Minister of Media Affairs and Government Spokesperson (1996-1997)</li> </ul>

## Statement of Disclosure

### Mr. Hani K. Hunaidi Independent Board Member

**Date of membership: 25/4/2016**  
**Date of Birth: 15/8/1949**

<b>Education:</b>	Master degree in Business Administration (MBA), Portland State University –USA, 1980, Bachelor degree in Business Administration, American University of Beirut. 1973, Certified Public Accountant (CPA).
<b>Current Positions:</b>	<ul style="list-style-type: none"><li>• Chairman, Mediterranean Industries Company</li><li>• Chairman, Mediterranean Energy Company</li></ul>
<b>Previous Positions:</b>	<ul style="list-style-type: none"><li>• Chairman, National Ammonia &amp; Chemical Ind. Co. (1991-2009)</li><li>• Managing Director, Jordan Kuwait Company for Agriculture and Food Products (1986-1992)</li><li>• Project General Manager, Jordan Management and Consultancy Corp. (1984-1986)</li><li>• Financial and Administrative Manager, Jordan Securities Corp. (1982-1984)</li><li>• Auditor, Touch Ross &amp; Co. (1980-1982)</li><li>• Project Senior Accountant, Consolidated Contractor Company (1976-1978)</li><li>• Accountant, Safwan Trading &amp; Contracting Co. Kuwait (1973-1974)</li></ul>

### Mr. Majed F. Burjak Board Member, Representative of Safari Development & Real Estate Investment Co. - as of 4/5/2021 Independent Board Member - until 3/5/2021

**Date of membership: 25/4/2016**  
**Date of Birth: 4/2/1947**

<b>Education:</b>	Bachelor degree in Public Administration and Political Science, Jordan University, 1969.
<b>Previous Positions:</b>	<ul style="list-style-type: none"><li>• Deputy General Manager/Support Services Group, Jordan Kuwait Bank (2007-2011)</li><li>• Assistance General Manager/Operations, Jordan Kuwait Bank (1998-2007)</li><li>• Assistant General Manager for Technology and Operations, Export and Finance Bank (1996- 1998)</li><li>• Senior Business Manager, ANZ Banking Corporation - Australia ( 1993-1996)</li><li>• Country Operations Manager, Grindlays Bank (1969-1993)</li></ul>

## Statement of Disclosure

### Dr. Safwan S. Toqan Independent Member

**Date of membership:** 7/12/2016  
**Date of Birth:** 23/10/1942

<b>Education:</b>	Bachelor degree in Business Administration, American University of Beirut, 1966, Master degree in Economic, University of South California – USA, 1976, PhD in Economics, University of South California – USA, 1980
<b>Previous Positions:</b>	<ul style="list-style-type: none"> <li>• Member of the 26th Jordanian Senate</li> <li>• Chairman, Amman Stock Exchange (2012 – 2013)</li> <li>• Chairman, Jordan Phosphate Mines Company (2000 – 2004)</li> <li>• General Manager, Social Security Corporation (1994 – 1999)</li> <li>• Secretary General, Ministry of Planning (1989 – 1994)</li> <li>• Assistant Professor, Yarmouk University (1981 – 1989)</li> <li>• Lecturer, University of South California – USA (1975 – 1980)</li> <li>• Central Bank of Jordan (1966 – 1975)</li> </ul>

### Dr. Omar M. Al Jazy Independent Board Member

**Date of membership:** 4/5/2021  
**Date of Birth:** 1/10/1969

<b>Education:</b>	PhD in International Commercial Arbitration, University of Kent Canterbury - United Kingdom (1999), Master degree in International and Comparative Business Law, London Guildhall University (1994), Bachelor degree in Law, University of Jordan (1992), Diploma, International Nuclear Law, Universite De Montpellier, 2017
<b>Current Positions:</b>	<ul style="list-style-type: none"> <li>• Board Member, Government Investments Management Company</li> <li>• Board Member, Education and Scientific Research Management and Development Company</li> <li>• Board Member, Arab Foundation for Education, Scientific, Research Management Company</li> <li>• Board mMmber, Abdul Hameed Shoman Foundation</li> <li>• Chairman of the Board of Trustees, Amman Arab University</li> <li>• Managing Partner, Al Jazy &amp; Co. – Advocates &amp; Legal Consultants</li> <li>• International Arbitration</li> </ul>
<b>Previous Positions:</b>	<ul style="list-style-type: none"> <li>• Former President of the Jordanian Arbitrators Association</li> <li>• Board Member, Safwa Bank until 1/2017</li> <li>• Board Member, Military Credit Fund</li> <li>• Member of the Board of Trustees Committees, King Abdullah II Fund For Development</li> <li>• Former Vice Chairman, Jordanian Corporate Governance Association</li> <li>• Board Member, Aqaba Development Company</li> <li>• Board Member, Aqaba Airports Company</li> <li>• Board Member, Specialized Management Co. For Investment &amp; Financial Advisory (12/2016 – 3/2021)</li> </ul>

## Statement of Disclosure

### Mrs. Nadia A. Rawabdeh Independent Board Member

**Date of membership: 4/5/2021**  
**Date of Birth: 12/4/1963**

<b>Education:</b>	Bachelor degree in Political Science and Sociology, University of Jordan, 1984
<b>Current Positions:</b>	<ul style="list-style-type: none"> <li>• Chairman, Kingdom Electricity</li> <li>• Chairman, Wadia Araba Development Company</li> </ul>
<b>Previous Positions:</b>	<ul style="list-style-type: none"> <li>• Member of Board of Trustees, Jordanian Expatriate Award</li> <li>• Member, Economic Policy Development Forum</li> <li>• General Manager, Social Security Corporation (9/2012 – 4/2018)</li> <li>• Vice Chairman, Board of Directors of Social Security Corporation (2012 – 2018)</li> <li>• Board Member, Social Security Investment Fund</li> <li>• Board Member, Kingdom Electricity Company</li> <li>• Board Member, Al Asr Company</li> <li>• Board Member, Jordan Ceramic Company</li> <li>• Board Member, National Tourism Co. For Tourism Development</li> <li>• Board Member, Daman for Investment Company</li> <li>• Board Member, Al Daman for Development Zones Company</li> <li>• Board Member, The Jordan Worsted Mills Company</li> <li>• Chairman, Yarmouk Water Company (2019 – 2020)</li> <li>• Member, Economic &amp; Social Council of Jordan</li> <li>• Member, National Committee for Poverty and Unemployment Strategy</li> <li>• Member, National Committee for Special Needs Strategy</li> <li>• Member, National Committee to Follow-up on the Implementation of the Executive Plan for the National Family Strategy</li> </ul>

### Dr. Yousef M. Goussous Board Member, Representative of Al Rawabi United Holding Co. – Kuwait

**Date of Membership: 20/2/2001**  
**End-date of Membership: 3/5/2021**  
**Date of Birth: 1/1/1939**

<b>Education:</b>	Bachelor degree in Medicine, Ain Shams University – Egypt, 1965, post-graduate in Internal Pathology, 1966, acquired membership certificate from Royal College of Physicians – London, 1970, and then completed his specialization in Heart Diseases at Houston University, Texas – USA, 1973
<b>Current and Previous Positions:</b>	<ul style="list-style-type: none"> <li>• Deputy Head of Management Committee, Amman Surgical Hospital</li> <li>• Member of the Jordanian Senate (27/9/2016 – present)</li> <li>• Member of the Jordanian Senate (25/10/2011 – 24/10/2013)</li> <li>• Lecturer on Clinical Heart Disease at the University of Jordan and the University for Science and Technology</li> <li>• Senior Consultant at Queen Alia Center for Heart Disease and Surgery</li> <li>• Appointed as Chief of Queen Alia Heart Institute in 1983, Chief of Al Hussein Medical Center, Chief of the Royal Medical Services, and First Counselor at Queen Alia Center for Heart Diseases.</li> <li>• Holder of several Fellowships from distinguished British and American medical institutions</li> <li>• Holder of several elite Civil, Military, and Medical medals of achievement in Jordan and abroad.</li> </ul>

## Statement of Disclosure

### Mr. Mansour A. Lozi Board Member, Representative of Strategy Company for Investments

**Date of Membership:** 15/3/2009  
**End-date of Membership:** 3/5/2021  
**Date of Birth:** 28/6/1961

<b>Education:</b>	Bachelor degree in Business Administration and Marketing, St. Edwards University, Texas – USA, 1983
<b>Previous Positions:</b>	<ul style="list-style-type: none"> <li>• Business Development Manager, Siemens Company – Jordan Branch – until 31/3/2021</li> <li>• Board Member, United Financial Investments Co. / Representative of Jordan Kuwait Bank – until 30/5/2020</li> <li>• Administrative Manager, Siemens Company – Jordan Branch (12/1993 – 12/2006)</li> <li>• Central Bank of Jordan – International Relations Dep. –Investment Unit (11/1985 – 7/1993)</li> <li>• Jordan Armed Forces – Studies &amp; Development Dept. (2/1984 – 10/1985)</li> </ul>

### 4b/3/b: Members of the Executive Managements' Biographies:

#### Mr. Haethum S. Buttikhi Chief Executive Officer – as of 6/5/2021

**Date of Birth:** 1977  
**Date of joining:** 1/6/2003

<b>Education:</b>	Royal Military Academy, Sandhurst - U.K., 1996. Bachelor degree in Political Science & International Relations, Kent University U.K.,2000
<b>Previous Positions:</b>	<ul style="list-style-type: none"> <li>• Head of Retail &amp; Private Banking, Jordan Kuwait Bank (2007 – 5/5/2021)</li> <li>• Executive Manager, Private Banking Unit, Jordan Kuwait Bank (2006 - 2007)</li> <li>• Manager, Main Branch, Jordan Kuwait Bank (2003 - 2005)</li> </ul>
<b>Memberships:</b>	<ul style="list-style-type: none"> <li>• Chairman, Ejara Leasing Co. (fully owned subsidiary) (2011 – present)</li> <li>• Chairman, United Financial Investments Co. (19/9/2017 – present)</li> <li>• Board member, Quds Bank – Palestine/ Representative of Jordan Kuwait Bank (26/7/2018 – Present)</li> <li>• Board member, Jordan Capital &amp; Investment Fund Company/ Representative of Jordan Kuwait Bank (28/3/2021 – present)</li> <li>• Board of Trustees, The Jordan Museum (8/10/2017 – present)</li> <li>• Board Member, Queen Rania Foundation ( 21/2/2018 – present)</li> <li>• Board Member, Jordan Institute of Directors (JIoD)</li> <li>• Board Member, Al-Dhia' Association For Education and Training of Visually Impaired Children</li> </ul>

## Statement of Disclosure

### Mr. Daoud A. Issa Chief Operating & Support Officer – as of 6/5/2021

**Date of Birth: 1973**  
**Date of joining: 18/11/2012**

<b>Education:</b>	Bachelor degree in Economics, Yarmouk University, 1998
<b>Previous Positions:</b>	<ul style="list-style-type: none"><li>• Head of Human Resources Department, Jordan Kuwait Bank (11/2012 – 5/5/2021)</li><li>• Head of Human Resources Planning and Budget and Head of Personnel, Qatar Petroleum and its affiliated companies - Qatar (2004 – 2012)</li><li>• Personnel Manager, Lotus Trading and Contracting Company – Qatar (2001 – 2004)</li><li>• Several positions in construction sector in Jordan and Qatar (1995 – 2004)</li></ul>
<b>Memberships:</b>	<ul style="list-style-type: none"><li>• Board Member, Ejara Leasing Co. (fully owned subsidiary) – until 6/2021</li></ul>

### Mr. Zuhdi B. Al-Jayousi Head of Corporate Business

**Date of Birth: 1970**  
**Date of Joining: 6/9/1997**

<b>Education:</b>	Bachelor degree in Accounting, Al Ahliyyah Amman University, 1994
<b>Previous Positions:</b>	<ul style="list-style-type: none"><li>• Head of Corporate Credit, Jordan Kuwait Bank – until 8/7/2020</li><li>• General Banking Experience, Jordan &amp; Gulf Bank, (1994 – 1997)</li></ul>

### Mr. Ibrahim F. Bisha Head of Treasury & International Relations

**Date of Birth: 1971**  
**Date of Joining: 19/6/2001**

<b>Education:</b>	Master degree in Business Administration, Maastricht School of Management - Cyprus, 2005
<b>Previous Positions:</b>	<ul style="list-style-type: none"><li>• Co-Head, Treasury, Investment &amp; Intl. Relations, Jordan Kuwait Bank – until 31/8/2020</li><li>• Banking, Jordan Kuwait Bank (Cyprus Branch), (2001 – 2006)</li><li>• Banking, Al-Jazeera Bank – Saudi Arabia, (1999 – 2001)</li><li>• Banking, Dar Ithemar Financial Services, (1997 – 1999)</li><li>• Banking, Amman Investment Bank, (1992- 1997)</li></ul>

## Statement of Disclosure

### Dr. Makram A. Al-Qutob Head of Credit

**Date of Birth: 1965**  
**Date of Joining: 16/5/2004**

<b>Education:</b>	PhD in Accounting, Arab Academy for Banking and Financial Sciences, 2009
<b>Previous Positions:</b>	<ul style="list-style-type: none"> <li>• Co-Head, Corporate Credit, Jordan Kuwait Bank – until 16/8/2020</li> <li>• Retail Department, Arab Bank – Jordan and Palestine (1998 – 2004)</li> <li>• Deputy Secretary General of Finance and Administration, Arab Thought Forum (1990 – 1998)</li> </ul>
<b>Memberships:</b>	<ul style="list-style-type: none"> <li>• Board Member, Al Isra for Education and Invest Co. PSC/ Representative of Jordan Kuwait Bank (23/4/2018 - present)</li> <li>• Board Member, Jordan Commercial Banks Investment Group Company/ Representative of Jordan Kuwait Bank (27/6/2021 – present)</li> <li>• Vice Chairman, Al Arabi Investment Group – SME Investment Fund/ Representative of Jordan Kuwait Bank (19/5/2021 – present)</li> <li>• Board Member, Consortium Banks Investments Group/ Representative of Jordan Kuwait Bank (10/5/2017 – present)</li> </ul>

### Mr. Suhail A. Salman Head of Retail Business – as of 6/5/2021

**Date of Birth: 1977**  
**Date of Joining: 31/3/2013**

<b>Education:</b>	Bachelor degree in Computer Science, Jordan University, 1999
<b>Previous Positions:</b>	<ul style="list-style-type: none"> <li>• Acting Head of Branches, Jordan Kuwait Bank (2/2021 – 5/2021)</li> <li>• Head of Alternative Delivery Channels, Jordan Kuwait Bank (2013 – 5/2021)</li> <li>• Card Products and Services Manager, Housing Bank for Trade and Finance (6/2012 – 3/2013)</li> <li>• Director of Information and Technology, Middle East Payment Services “MEPs” (3/2011 -6/2012)</li> <li>• Business Development Manager, Middle East Payment Services “MEPs” (12/2009 – 3/2011)</li> <li>• Development Manager and Head of Software Development Division, Access to Arabia – A2A (12/1999 – 12/2009)</li> </ul>
<b>Memberships:</b>	<ul style="list-style-type: none"> <li>• Vice Chairman, Middle East Payments Services “MEPs” (8/2019 – present)</li> </ul>

## Statement of Disclosure

### Mr. Zeid W. Sharaiha Head of Investment Business – as of 6/5/2021

**Date of Birth:** 1972  
**Date of Joining:** 2/7/2006

<b>Education:</b>	Master degree in Accounting and Finance, University of Leeds, 1998 Bachelor degree in Public Administration and Political Science, American University of Beirut, 1996
<b>Previous Positions:</b>	<ul style="list-style-type: none"><li>• Asset Management Manager, Jordan Kuwait Bank (5/2006 – 2021)</li><li>• Senior Program Coordinator, Ministry of Planning and International Cooperation (2005 – 2006)</li><li>• Division Manager, Cairo Amman Bank (1999 – 2005)</li><li>• Economic Researcher, United Group for Consulting and Management (1998 – 1999)</li><li>• Assistant Division Manager, Jordan International Insurance Company (1996 -1997)</li></ul>

### Mr. Ibrahim E. Kashet Position: Head of Legal Affairs

**Date of Birth:** 1962  
**Date of Joining:** 1/4/1989

<b>Education:</b>	Bachelor degree in Law, University of Jordan, 1986
<b>Previous Positions:</b>	<ul style="list-style-type: none"><li>• Legal Department (2000 – Present)</li><li>• Credit Department (1994 – 2000)</li><li>• Credit Follow Up Department (1989 – 1994)</li></ul>
<b>Memberships:</b>	<ul style="list-style-type: none"><li>• Vice Chairman, Amad Investment and Real Estate Development</li><li>• Member of the Jordanian Writers Association</li></ul>

### Mr. Ibrahim F. Taani Head of Finance

**Date of Birth:** 1964  
**Date of Joining:** 4/11/2013

<b>Education:</b>	Bachelor degree in Accounting, Al Yarmouk University, 1986, Master degree in Finance and Banking, Arab Academy of Banking and Financial Sciences, 1994
<b>Previous Positions:</b>	<ul style="list-style-type: none"><li>• Head of Internal Audit Department, Jordan Kuwait Bank (11/2013 – 8/2020)</li><li>• Head of Internal Audit, Standard Chartered Bank – Jordan (2011 – 2013)</li><li>• Executive Vice President, ABC Investment - Jordan (2009 – 2011)</li><li>• Chief Financial Officer, Aloula Geojit – KSA (2007 – 2009)</li><li>• Head of Examiners/ Inspectors – Central Bank of Jordan (1989 – 2007)</li><li>• Financial Analyst – Jordan Securities Commission (1988 – 1989)</li></ul>

## Statement of Disclosure

### Maher M. Abu Sa'adeh Head of Information Technology

**Date of Birth:** 1971  
**Date of Joining:** 28/4/2019

<b>Education:</b>	Computer and Automatic Control Engineering, Yarmouk University
<b>Previous Positions:</b>	<ul style="list-style-type: none"><li>• Chief Information Officer, Jordan Microfinance Company (Tamweelcom) (9/2017 – 4/2019)</li><li>• Partner, Technology Consulting – Dimension Management Consulting (2011 – 2017)</li><li>• Senior Program Director &amp; Head of IT Operations, Bank Al Jazira (2006 – 2011)</li><li>• Chief Information Technology Officer, Al Jazira Takful – Member of Bank AlJazira Group (2009 -2011)</li><li>• Consulting Manager, DevoTeam (2005 – 2006)</li><li>• Consultant &amp; Project Manager, IBM International (1999 – 2002)</li></ul>
<b>Memberships:</b>	<ul style="list-style-type: none"><li>• Co-founder in PMI Jordan Chapter</li></ul>

### Mr. Tareq J. Alkhitan Head of Operations – as of 6/5/2021

**Date of Birth:** 1975  
**Date of Joining:** 1/2/1998

<b>Education:</b>	Bachelor degree in Economics, University of Jordan, 1997 High diploma degree in Banking and Finance, Arab Academy for Banking and Financial Sciences, 2003
<b>Previous Positions:</b>	<ul style="list-style-type: none"><li>• Retail Credit Manager, Jordan Kuwait Bank (2014 – 5/2021)</li><li>• Private Banking Manager, Jordan Kuwait Bank (2006 – 2014)</li><li>• Retail Credit Officer, Jordan Kuwait Bank (2003 – 2006)</li><li>• Main Branch Supervisor, Jordan Kuwait Bank (1998 – 2003)</li></ul>
<b>Memberships:</b>	<ul style="list-style-type: none"><li>• Board Member, Ejara Leasing Company</li><li>• Vice Chairman, First International Logistics Services Company - FILS</li></ul>

## Statement of Disclosure

### Mrs. Dana A. Jaradat Head of Strategy and Marketing – as of 6/5/2021

**Date of Birth: 1974**  
**Date of Joining: 7/8/2012**

<b>Education:</b>	Bachelor degree in Accounting, University of Jordan, 1996
<b>Previous Positions:</b>	<ul style="list-style-type: none"><li>• Marketing and Corporate Communications Manager, Jordan Kuwait Bank (2012 – 5/2021)</li><li>• Marketing and Corporate Communications Manager, Societe Generale De Banque Jordanie (2007 – 2012)</li><li>• Marketing, Credit Cards, Products &amp; Quality Manager, Societe Generale De Banque Jordanie (2004 – 2007)</li><li>• Marketing and Commercial Animation Manager, Societe Generale De Banque Jordanie (2004 – 2005)</li><li>• Assistant Marketing Manager, Cairo Amman Bank (2001 – 2004)</li><li>• Product Development Unit Head Assistant, Cairo Amman Bank (1998 – 2001)</li><li>• Accounting Officer, Cairo Amman Bank (1996 – 1998)</li></ul>

### Mr. Fadi M. Ayyad Head of Compliance

**Date of Birth: 1971**  
**Date of joining: 29/4/2018**

<b>Education:</b>	Bachelor degree in Accounting from Biuret Arab University, 1995
<b>Previous Positions:</b>	<ul style="list-style-type: none"><li>• Vice President group Compliance, First Abu Dhabi Bank – UAE (2010 – 2018)</li><li>• Senior Compliance Manager, Head of Financial Crime Unit, Barclays – UAE (2008-2010)</li><li>• Regional Compliance Officer, MoneyGram – UAE (2007 – 2008)</li><li>• Regulatory Compliance Acting Manager, Doha Bank – Qatar (2006 – 2007)</li><li>• Regulate Compliance Area Officer, Arab Bank – Jordan (2005 – 2006)</li><li>• Team Leader Operation &amp; Sales Services Officer, Arbift – Arab Bank for Investment and Foreign Trade (Al Masraf) (2004 – 2005)</li><li>• Operation &amp; Administration Officer, NBAD – National Bank of Abu Dhabi (2000 – 2004)</li><li>• Assistant Head of Foreign Trade Department, AFC – Arab Finance Corporation (1991-2000)</li></ul>

## Statement of Disclosure

### Mr. Mahmoud I. Al Ahmar Head of Risk

**Date of Birth:** 1979  
**Date of Joining:** 23/6/2002

<b>Education:</b>	Master degree in Banking and Financial Sciences – major in Accounting, The Arab Academy for Banking and Financial Studies, 2005, Bachelor degree in Accounting, Philadelphia University, 2001
<b>Previous Positions:</b>	<ul style="list-style-type: none"><li>• Assigned to oversee Risk Management functions, Jordan Kuwait Bank</li><li>• Market Risk and Basel implementation Manager, Jordan Kuwait Bank</li><li>• Financial Controller Manager, Jordan Kuwait Bank</li></ul>
<b>Memberships:</b>	<ul style="list-style-type: none"><li>• Board Member, Afaq for Energy Co. P.L.C (MANE)/ Representative of Jordan Kuwait Bank (25/1/2021 – present)</li></ul>

### Mr. Yousef W. Hassan Head of Internal Audit

**Date of Birth:** 1971  
**Date of Joining:** 5/6/2006

<b>Education:</b>	Bachelor degree in Accounting, Jordan University, 1994
<b>Previous Positions:</b>	<ul style="list-style-type: none"><li>• Combating Financial Crime Manager, Jordan Kuwait Bank</li><li>• AML/CFT Manager, Jordan Kuwait Bank</li><li>• Regulatory Compliance Manager, Jordan Kuwait Bank</li><li>• Main Internal Auditor, Jordan Kuwait Bank</li><li>• Audit Team Leader, Cairo Amman Bank</li></ul>

### Mr. Abdalla I. Mismar Head of Administration Affairs – until 30/11/2021

**Date of Birth:** 1973  
**Date of Joining:** 5/3/2000

<b>Education:</b>	Bachelor degree in Law, Al-Ahliyya Amman University, 1997
<b>Previous Positions:</b>	<ul style="list-style-type: none"><li>• Legal Affairs Department at Ministry of Interior (1997 – 2000)</li></ul>

## Statement of Disclosure

### Mr. Tawfiq A. Mukahal Deputy General Manager/ Head of Banking Group – until 3/5/2021

**Date of Birth:** 1951  
**Date of Joining:** 12/10/1991  
**Date of Resignation:** 4/5/2021

<b>Education:</b>	Secondary School Certificate, 1969
<b>Previous Positions:</b>	<ul style="list-style-type: none"><li>• Assistant General Manager, Credit Department (1998 – 2007)</li><li>• Executive Manager, Credit Department (1993 – 1997)</li><li>• Manager, Marketing &amp; Credit Unit (1991 – 1993)</li><li>• Manager, Marketing &amp; Credit Department, National Bank of Kuwait – Kuwait (1971 – 1990)</li></ul>
<b>Memberships:</b>	<ul style="list-style-type: none"><li>• Board Member, Jordan Mortgage Refinance Corporation/ Representative of Jordan Kuwait Bank</li><li>• Board Member, Jordan Loan Guarantee Corporation/ Representative of Jordan Kuwait Bank</li><li>• Board Member, Arab Orient Insurance Co.</li></ul>
<b>Previous Memberships:</b>	<ul style="list-style-type: none"><li>• Board Member, Jordan Steel Corporation/ Representative of Jordan Kuwait Bank</li><li>• Board Member, Kingdom Electricity Corporation – personal contribution/ Representative of Daman Energy Investment Corporation</li></ul>

### Mr. Ayman D. Al Kurdi Head of Operations – until 5/5/2021

**Date of Birth:** 9/6/1958  
**Date of Joining:** 1/11/1982  
**Date of Resignation:** 30/6/2021

<b>Education:</b>	Bachelor degree in Business Administration, Jordan University, 1980
<b>Previous Positions:</b>	<ul style="list-style-type: none"><li>• Trade Finance Manager, Jordan Kuwait Bank – until 31/5/2020</li><li>• Trade Finance Assistant Manager, Jordan Kuwait Bank</li><li>• Operation Department Coordinator, Jordan Kuwait Bank</li></ul>

**4b/4: Shareholders who own 1% or more of the Bank's shares (2021 & 2020)**

Shareholder	Nationality	No. of Shares 31/12/2021	%	No. of Shares 31/12/2020	%	Ultimate Beneficiary	Mortgaged Shares	% Mortgaged Shares to total Shares held	Mortgagor
Al Rawabi United Holding Co.	Kuwaiti	76,390,240	50.927	76,390,240	50.927	Kuwait Projects Company (Holding) – KIPCO (Kuwaiti Public Equity Company, listed on Kuwait Stock Exchange)	76,387,240	99.99	Burgan Bank - Kuwait
Social Security Corporation	Jordanian	31,562,466	21.042	31,562,466	21.042	Itself	-	-	-
Odyssey Reinsurance Company	American	8,775,000	5.850	8,775,000	5.850	FAIRFAX FINANCIAL HOLDING Ltd. Canada Chairman and CEO Mr. V. Prem Watsa	-	-	-
Kuwait Wealth Holding Ltd.	Virgin Islands	3,095,000	2.063	3,631,554	2.421	Itself (Company's First Director, Mr. Abdel Karim Kabariti)	-	-	-

**4b/5: Competitive position:**

The Bank operates within the Jordanian banking sector, which includes 24 local and 8 foreign banks. The Bank has 66 branches in Jordan and a branch in Cyprus. The Bank's main activities include the acceptance of deposits, granting credit, and offering banking and investment services to various economic sectors, institutions and individuals. The Bank's share of the total banking facilities in Jordan was ()% and ()% of total deposits as at 31/12/2021.

## Statement of Disclosure

### 4b/6: Major Suppliers and Clients:

No.	Supplier Name	Shares of Transactions of Total Purchases
1	Specialized Technical Services (STS)	11%

### 4b/7:

- The Bank does not enjoy any governmental concessions or protection in accordance with the prevailing rules and regulations.
- The Bank does not have any patents or franchise rights acquired by the Bank.

### 4b/8:

There has been no material effect on the Bank's operations, products or competitiveness as a result of any government or international organizations' decisions. International quality standards do not apply to the bank.

### 4b/9: Human Resources, Training and Organizational Structure:

Total number of employees as at 31/12/2021 was (1,332) of whom (12) were employed at the Cyprus branch. In addition, there were (43) employees at the Subsidiary companies.

### Staff educational qualifications:

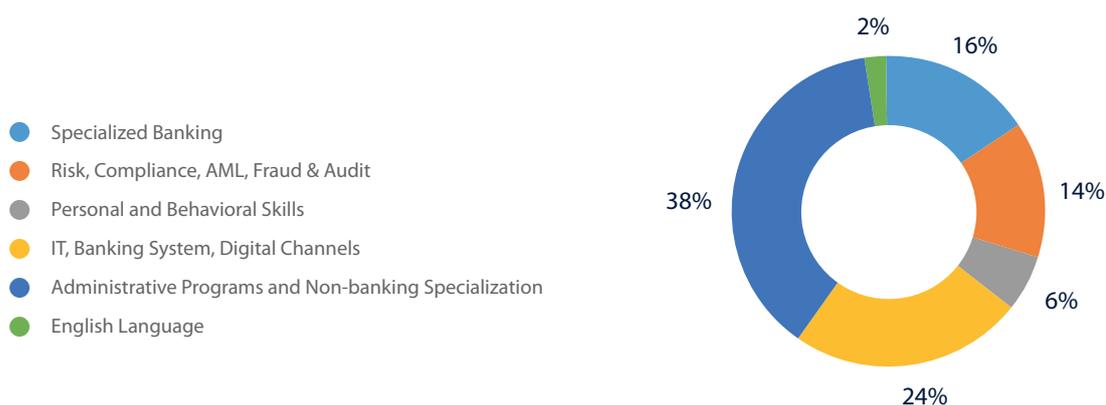
Qualification	Jordan Kuwait Bank	United Financial Investments Co.	Ejara Leasing Co.	Sanad Capital
PhD	1	-	-	-
Masters	103	1	3	1
Higher Diploma	-	-	-	-
Bachelor	1050	6	20	2
Diploma	93	1	3	-
Secondary School Certificate	28	2	4	-
Pre- Secondary School Certificate	57	-	-	-
<b>Total</b>	<b>1,332</b>	<b>10</b>	<b>30</b>	<b>3</b>

## Statement of Disclosure

### Staff training during 2021:

Training Subject	External Training		Internal Training		E-Training		Total	
	No. of Courses	No. of Participants	No. of Courses	No. of Participants	No. of Courses	No. of Participants	No. of Courses	No. of Participants
Specialized Banking	5	16	49	302	6	811	60	1129
Compliance, AML, Fraud & Audit	5	6	2	33	46	12854	53	12893
Personal and Behavioral Skills	4	138	0	0	19	5921	23	6059
IT, Banking Systems, Delivery Channels	10	43	10	36	67	259	87	338
Administrative programs and non-banking specialization	6	6	15	127	120	13760	141	13893
English Language	8	8	0	0	0	0	8	8
<b>Total</b>	<b>38</b>	<b>217</b>	<b>76</b>	<b>498</b>	<b>258</b>	<b>33605</b>	<b>372</b>	<b>34320</b>

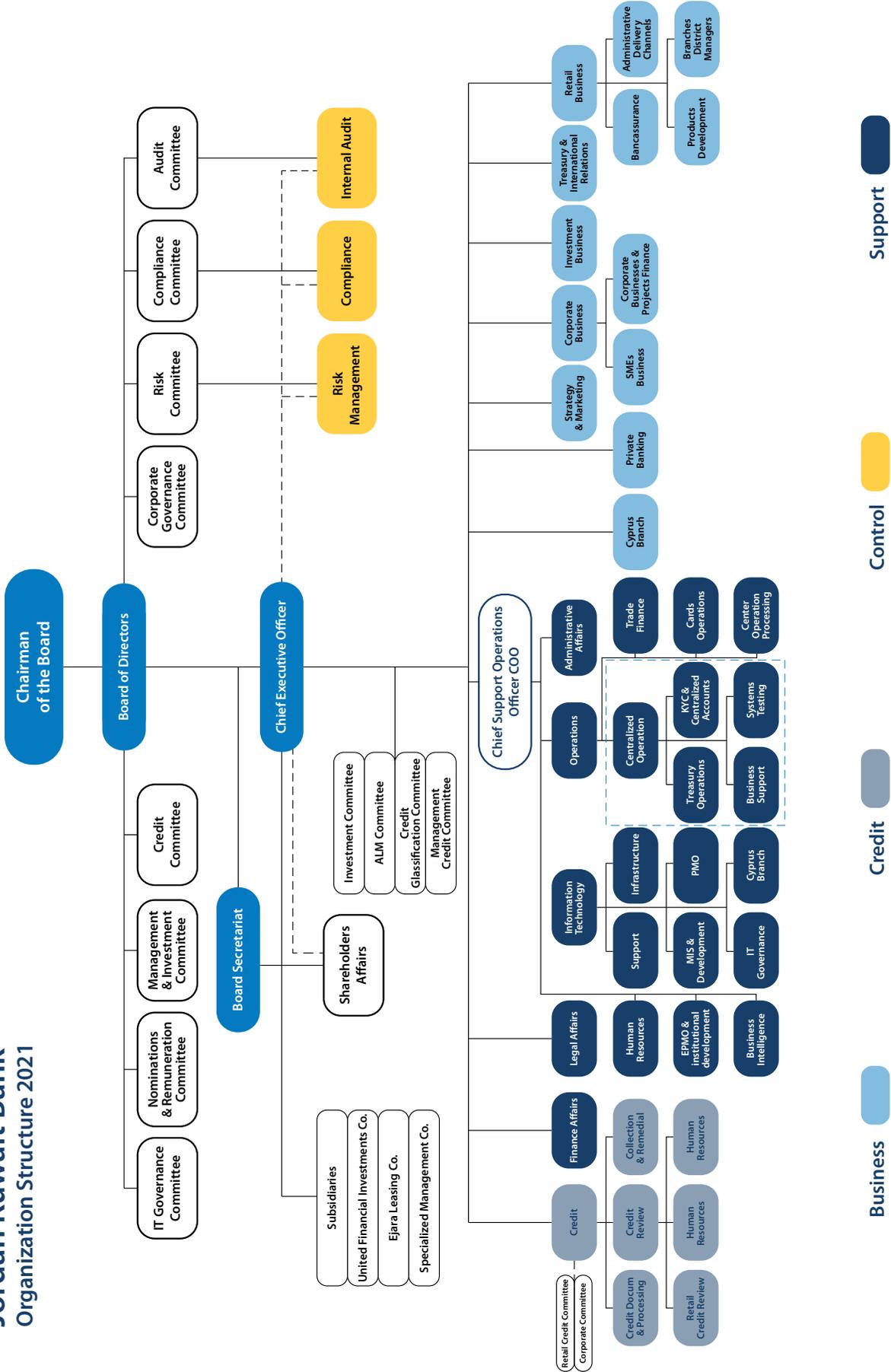
### Distribution of Number of Courses Beneficiaries during 2021



### Distribution of Number of Courses during 2021

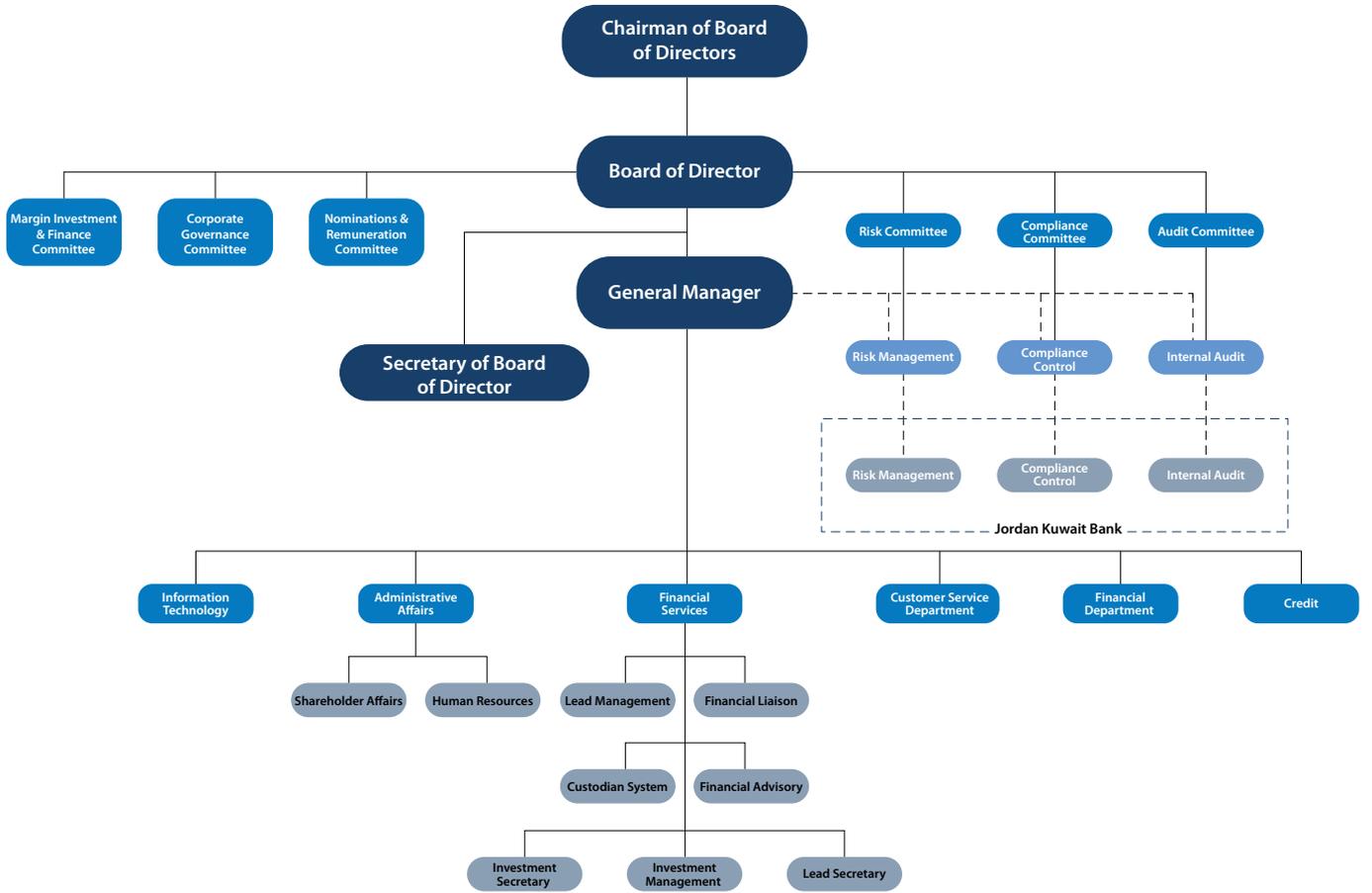


# Jordan Kuwait Bank Organization Structure 2021

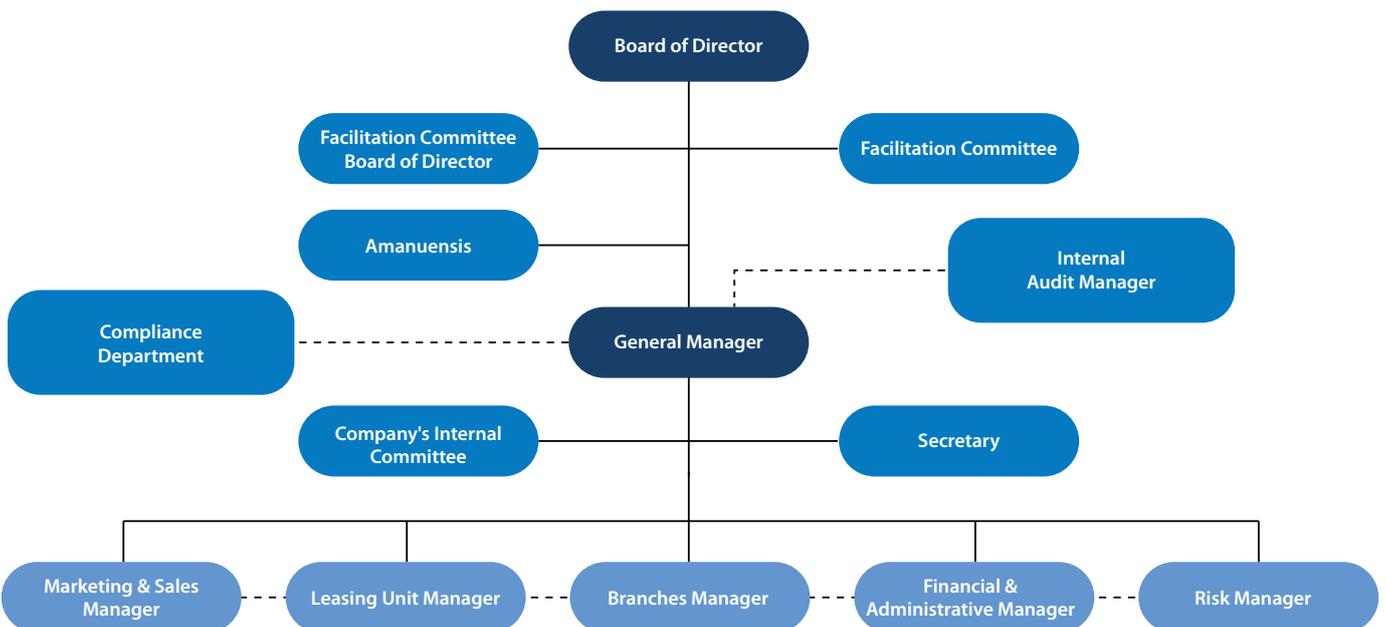


## Subsidiary Org. Structures

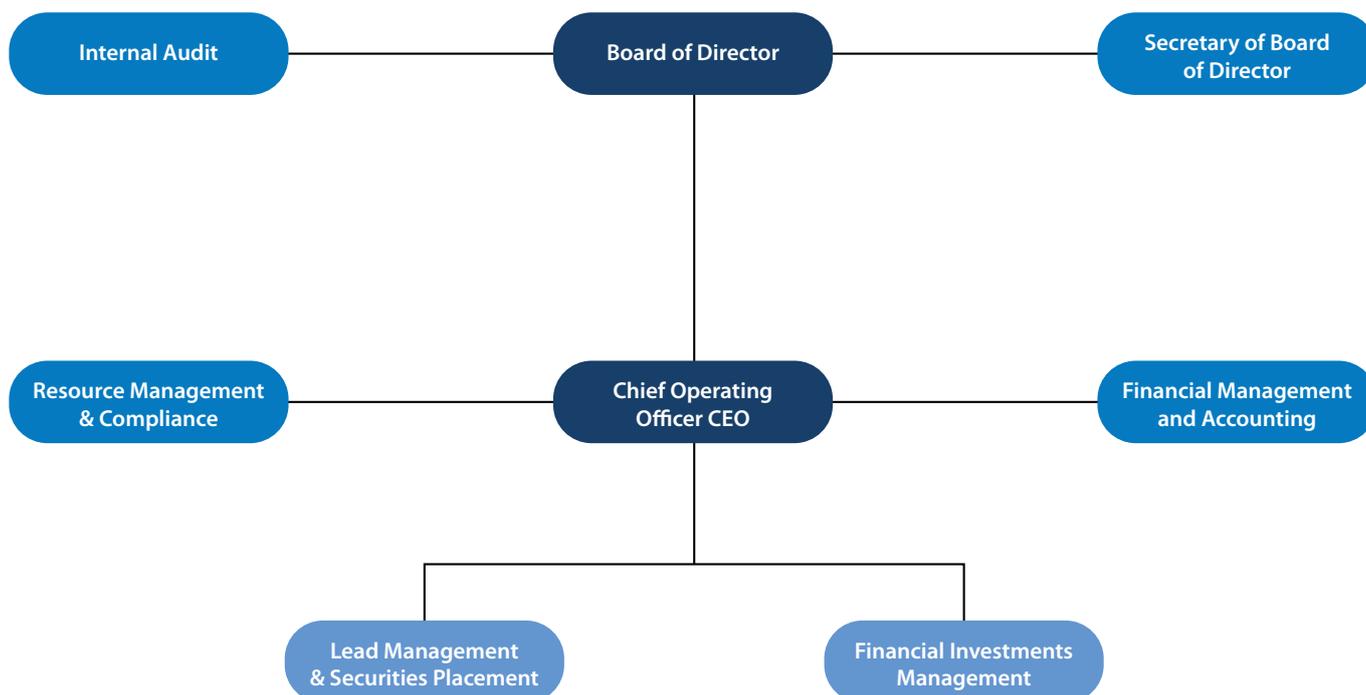
### UFICO



### EJARA



Sanad Capital



4b /10: Description of risks:

**Liquidity Risk:**

Liquidity risk is defined as the losses that the Bank may suffer due to the lack of funding to finance the increase in its investments or to pay its obligations when due at the appropriate time and cost.

Jordan Kuwait Bank manages liquidity risk through appropriate liquidity governance, within the policies for efficient liquidity management. To achieve these targets, Jordan Kuwait Bank is working on determining the “Liquidity risk appetite» by the strategy and ability to obtain sources of financing, The Bank also applies “Liquidity Contingency Plan” to ensure appropriate liquidity in cases of low emergency liquidity”.

**Market Risks:**

Market risk is defined as losses that the Bank may experience as a result of fluctuations in the market prices of any financial positions both (on and off the balance sheet). Market risks include (interest rates, exchange rates, equities, and commodities). Jordan Kuwait Bank manages the market risk within the risk management framework (Identification, measurement, management, control), and by an approved and independent policy to ensure that the market risk is within the «Market Risk Appetite”.

The Bank adopts an investment policy that aims to maximize the return while maintaining the acceptable degree of risk, in line with the level and size of the complexity of the Bank’s operations, and the recommendations of the Basel Committee and the instructions of the Central Bank of Jordan and the supervisory authorities within which the branches of the Bank operate. The implementation of the investment policy is also monitored through the (Middle Office Unit) within the market risk.

The Bank faces three major market risks:

## Statement of Disclosure

### Interest Rate Risk:

Volatility in interest rates is one of the most important challenges facing banks as a source of risks that affect the profitability and activities of the bank, and to ensure control of interest rate risks, Jordan Kuwait Bank manages interest rate risks by determining the degree of "risk appetite" for the bank portfolio.

The bank also measures risks in several ways, including re-pricing gap analysis. And measuring the impact of these risks on Gross Income, Net Interest Income, and Regulatory Capital.

### Exchange Rate Risk:

Exchange rate risk arises as a result of mismatching foreign currency positions within the (assets and liabilities) of the bank.

As a result of exchange rate fluctuations, the possibility of affecting the Bank's profitability increases. Where the bank manages currency and exchange rate risks in several ways, including various hedging tools (spot and forward), and the bank also conducts stress testing scenarios within the exchange rate risks and according to the scenarios determined by the Central Bank of Jordan, or additional scenarios according to market conditions.

### Equity Price Risk:

These are risks arising as a result of fluctuations in stock prices (within the Bank's investment portfolio) as a result of responding to many influential factors such as a change in interest rates, lowering of credit rating, and factors related to operating results.

The Bank actively monitors these risks to ensure that they remain within acceptable limits.

### Compatibility with Basel Instructions:

The Risk Management Department oversees the implementation of the requirements of the Basel committee. Through the following:

#### Capital adequacy ratio/ leverage ratio:

The Bank calculates the capital adequacy ratio and the leverage ratio in line with the regulatory capital instructions issued by the Central Bank of Jordan and according to Basel (III) requirements.

### Stress Testing:

Stress Testing is one of the risk management tools complemented by other tools used by the Bank to reach comprehensive risk management.

The results of the implementation of stress testing are an essential and complementary part of the Capital Planning system. These tests aim to assess the Bank's financial situation in severe but possible scenarios, which are conducted based on instructions of the Central Bank of Jordan.

### Internal Capital Adequacy Assessment Process (ICAAP) :

ICAAP is part of the capital management process system of Jordan Kuwait Bank, which contributes to achieving the Bank's strategic objectives, where the internal assessment of capital adequacy comprehensively identifies and measures all important risks to the Bank on a consolidated level, and demonstrates the impact of these risks on capital. The Bank takes into account the compatibility of the size of the capital with the size, nature, and complexity of the risks to which the Bank is exposed in line with the requirements of the regulators.

## Statement of Disclosure

### Information Security:

The vulnerabilities and threats associated with the use of information technology in all financial operations in the bank, and the impact and probability that they can be exploited by hackers to carry out some illegal activities such as unauthorized access to data or denial of service, and other activities that would harm the bank on financially or affect the bank's reputation, and its customers where their private data may be accessed and exploited. In light of these risks, the bank has adopted many preventive measures, such as implementing information security standards and publications issued by government agencies such as the Central Bank of Jordan and non-governmental agencies, such as the application of card security standards (PCI DSS), and conducting a risk assessment of the systems and services used in the bank. And setting security controls to reduce these risks, in addition to applying the internal policies and procedures in the bank related to information security and working to raise awareness about information security risks through holding training courses for bank employees by conducting Information Security Awareness Sessions. These risks are monitored through daily reports that are followed up by the information security team and work continuity in the risk management department.

### Business Continuity:

Business continuity and disaster recovery mean maintaining the availability of critical services and functions in the Bank, whether for the internal functions that are used by employees or services used by the Bank's customers. The Bank pays great attention to business continuity because of its significant impact on the Bank's reputation and the customers' satisfaction with the services provided to them. The Information Security and Business Continuity team in the Bank's Risk Management Department updates the business continuity plan quarterly, tests it annually, and documents the results of the tests to reflect them on the business continuity plan in line with the instructions issued by the Central Bank and best practices related to business continuity.

### Credit Risk:

Credit risk refers to the expected loss resulting from the borrower's inability or unwillingness to meet their obligations to the bank within an agreed period, the principal of the loan and/or the interest and commissions associated with them, or both, also, the Concentration risk refers to the risks arising from the lack of diversification of the credit portfolio in terms of economic sectors, customers, geographical, therefore, credit risk will increase. These types' risks define as the most significant risks that the bank can be faced.

#### Jordan Kuwait Bank adapts a group of main pillars to control the financial implications of these risks:

- Identifying the current and future risks associated with the business environment by periodically applying stress testing in light of conservative economic scenarios and expectations in a manner that avoids or mitigates them.
- Implementation and continuous updating of the policies and work procedures that define and address all aspects of credit granting and maintenance, which are determined according to the basis of defining, measuring, and controlling this type of risk.
- The existence of committees and departments to manage the credit granting process in a manner that ensures segregation of duties between the various business development departments and the credit review and control management.
- Adopting a specified authority matrix to ensure the delegation of authorities, monitoring, and review.
- Dynamic monitoring of the credit portfolio, in terms of diversity, quality, concentrations.
- Determining the acceptable guarantees and their conditions as a method of mitigating risks.

## Statement of Disclosure

### Operational Risk:

Operational risk is defined as “the risk of losses resulting from the failure or inadequacy of internal procedures, the human element, systems, or any external events. This definition includes legal risks, but does not include strategic risks and reputational risks for the bank.”

The Operational Risk management works continuously and coordinates closely with all the managers of the organizational centers to ensure that the concept of the general framework for operational risk management is continuously implemented effectively through the implementation of the principle of the three lines of defense, which defines the tasks and responsibilities of all the bank’s departments, especially about the implement, follow-up, and monitor of the execution of The daily tasks related to the first line of defense. As well as operational risk management collect the data of operational events and losses continuously in addition to the main risk indicators by the Operational Risk Management System, in addition, to monitoring, updating, and ensuring that any corrective plans are developed wherever necessary. The system aims to be used by business Departments, Risks, internal audits, thus enabling the executive management to be aware of all financial and non-financial risks in real-time.

Operational risk management follows The methodology of the self-assessment system for operational risks and that the controls are set against them continuously, in terms of conducting the review at the departmental level, by analyzing the gaps between what is applied and what is required to be applied, to set the implementation plans and the necessary solutions to reach the specific goal of this assessment and to ensure the availability of (control and oversight systems) that govern the execution of operations in the bank.

**4b /11: Achievements during 2021:** Included in the report.

**4b /12:** There had been no financial effects of non-recurring operations that do not fall within the Bank’s core business activity during 2021.

### 4b/13: Changes in Net Profit, Dividend, Shareholders’ equity and Share price (2017-2021)

Year	Profit (loss) from Continuous Operations before tax	Dividend According to the year of distribution		Bank Shareholders’ Equity	Share / JOD
		Bonus Shares	Cash		
2017	42.313	-	20%	468.411	3.500
2018	55.849	-	20%	445.562	2.900
2019	46.934	-	20%	459.532	2.510
2020	(5.579)	50%	-	456.432	1.440
2021	7,704	-	7%	467,674	1.360

**4b/14: Financial Position:** Included in the report.

**4b/15: Future Plan:** Included in the report.

### 4b/16: Auditors Fees:

Auditors’ fees for the Bank and its subsidiaries in 2021 amounted to JOD 200,080

## 4b/17: Shares owned by the Board Members during 2021 &amp; 2020:

	Name	Nationality	Position	Shares	
				31/12/2021	31/12/2020
1	Mr. Abdel Karim A. Kabariti	Jordanian	Chairman / Rep.: Al Rawabi United Holding Co. - until 3/5/2021	1,719	1,719
	Mr. Nasser A. Lozi	Jordanian	Chairman – as of 4/5/2021	33,595	33,595
2	Mr. Faisal H. Al-Ayyar	Kuwaiti	Vice Chairman	15,000	15,000
	Kuwait Projects Co. (Holding)	Kuwaiti	Board Member	76,494	76,494
3	Mr. Masaud M. Jawahar Hayat	Kuwaiti	Rep.: Kuwait Projects Co. (Holding)	48	48
	Al Rawabi United Holding Co.	Kuwaiti	Board Member	76,390,240	76,390,240
4	Mr. Tariq M. Abdul Salam	Kuwaiti	Rep.: Al Rawabi United Holding Co.	21,375	21,375
	Social Security Corporation	Jordanian	Board Member	31,562,466	31,562,466
5	Mr. Marwan M. Awad	Jordanian	Rep.: Social Security Corporation	1,500	1,500
	Mr. Nidal F. Qubbaj	Jordanian	Re.: Social Security Corporation	-	-
6	Odyssey Reinsurance Company	American	Board Member	8,775,000	8,775,000
7	Mr. Bijan Khosrowshahi	American	Rep.: Odyssey Reinsurance Company	-	-
	Safari Development & Real Estate Investment Co.	Jordanian	Board Member – as of 4/5/2021	1,000	-
8	Mr. Majed F. Burjak	Jordanian	Rep.: Safari Development & Real Estate Investment Co.	1,500	1,500
	Dr. Safwan S. Toqan	Jordanian	Board Member	1,500	1,500
9	Dr. Marwan J. Muasher	Jordanian	Board Member	205,500	205,500
10	Mr. Hani K. Hunaidi	Jordanian	Board Member	1,573	1,573
11	Mrs. Nadia A. Rawabdeh	Jordanian	Board Member – as of 4/5/2021	1,000	-
12	Dr. Omar M. Al Jazy	Jordanian	Board Member – as of 4/5/2021	1,500	-
13	Dr. Yousef M. Goussous	Jordanian	Board Member/ Rep.: Al Rawabi United Holding Co. – until 3/5/2021	12,999	12,999
	Investment Strategy Co.	Jordanian	Board Member – until 3/5/2021	1,500	1,500
	Mr. Mansour A. Lozi	Jordanian	Board Member/ Rep.: Investment Strategy Co. – until 3/5/2021	99,597	99,597

## Statement of Disclosure

### Shares owned by the Bank Executives during 2021 & 2020

There are no shares owned the Bank Executives

### Shares held by companies controlled by Board Members during 2021 & 2020

Board Member	Position	Name of controlled Company	Ownership %	Shares of controlled Company in JKB	
				31/12/2021	31/12/2020
Kuwait Projects Co. (Holding)-Kuwait	Board Member	Al Rawabi United Holding Co.	99.99%	76,390,240	76,390,240
Kuwait Projects Co. (Holding)- and its subsidiaries - Kuwait	Board Member	Burgan Bank-Kuwait	64.53%	1,500	1,500
Kuwait Projects Co.(Holding)- Kuwait	Board Member	United Gulf Bank – Bahrain	97.91%	473,503	473,503

### Shares owned by the relatives of Board Members and Bank Executives during 2021 & 2020

Name	Nationality	Relation	Shares	
			31/12/2021	31/12/2020
Mrs. Nour Abdel Karim Allawi Kabariti	Jordanian	Wife of Mr. Haethum S. Buttikhi/ Cheif Executive Officer	344,265	235,765
Mrs. Fatina Ahmad Jameel Malas	Jordanian	Wife of Mr. Abdel Karim A. Kabariti/ Chairman	344,115	235,615

### Shares owned by companies controlled by relatives of Bank Board Members:

There are no contributions from companies controlled by relatives of Bank Board Members

### Shares owned by companies controlled by Bank Executives and their relatives:

There are no contributions from companies controlled by Bank Executives and their relatives

## Statement of Disclosure

### 4b/18a: Members of the Board of Directors' Remuneration (JOD):

	Name	Position	Board Membership Allowance	Travel, Transportation and meetings Allowances	Total
1	Mr. Abdel Karim A. Kabariti	Chairman until 3/5/2021	-	3,200	3,200
2	Mr. Nasser A. Lozi	Chairman as of 4/5/2021	-	60,385	60,385
3	Mr. Faisal H. Al-Ayyar	Vice Chairman	-	1,500	1,500
4	Mr. Masaud M. Jawhar Hayat	Board Member	-	7,600	7,600
5	Mr. Tariq M. Abdul Salam	Board Member	-	4,900	4,900
6	Rep. : Social Security Corporation Mr. Nidal F. Qubbaj	Board Member	-	10,500	10,500
7	Rep.: Social Security Corporation Mr. Marwan M. Awad – as of 4/5/2021	Board Member	-	5,200	5,200
8	H.E. Mr. Marwan M. Awad - Independent Board Member until 3/5/2021	Board Member	-	2,000	2,000
9	Mr. Bijan Khosrowshahi	Board Member	-	1,500	1,500
10	Mr. Majed F. Burjak	Board Member	-	13,000	13,000
11	Dr. Safwan S. Toqan	Board Member	-	10,200	10,200
12	Dr. Marwan J. Muasher	Board Member	-	7,500	7,500
13	Mr. Hani K. Huaidi	Board Member	-	12,620	12,620
14	Mrs. Nadia A. Rawabdeh	Board Member as of 4/5/2021	-	8,600	8,600
15	Dr. Omar M. Al Jazy	Board Member as of 4/5/2021	-	6,400	6,400
16	Dr. Yousef M. Goussous	Board Member until 3/5/2021	-	3,200	3,200
17	Mr. Mansour A. Lozi	Board Member until 3/5/2021	-	3,200	3,200

## Statement of Disclosure

### 4b/18b: Executive Management's Remuneration (JOD):

	Name	Position	Annual Salary	Travel & Per diems	Committees	Total
1	Mr. Haethum S. Buttikhi	Chief Executive Officer – as of 6/5/2021 Head of Retail & Private Banking until 5/5/2021	378,601	9,415	3,300	391,316
2	Mr. Daoud A. Issa	Chief Operating & Support Officer as of 6/5/2021 Head of Human Resources until 5/5/2021	196,864	-	-	196,864
3	Mr. Zuhdi B. AlJayousi	Head of Corporate Business	177,700	5,858	3,000	186,558
4	Mr. Ibrahim F. Bisha	Head of Treasury & International Relations	181,716			181,716
5	Dr. Makram A. Al- Qutob	Head of Credit	136,756	1,320	1,000	139,076
6	Mr. Suhail A. Salman	Head of Retail Business – as of 6/5/2021	106,571	2,845	-	109,416
7	Mr. Zeid W. Sharaiha	Head of Investment Business as of 6/5/2021	80,631	-	-	80,631
8	Mr. Ibrahim E. Kashet	Head of Legal Affairs	199,684	-	-	199,684
9	Mr. Ibrahim F. Taani	Head of Finance	185,048	4,130	-	189,178
10	Mr. Maher M. Abu Sa'adeh	Head of Information Technology	96,450	2,065	600	99,115
11	Mr. Tareq J. Alkhitan	Head of Operations – as of 6/5/2021	91,085	1,903	-	92,988
12	Mrs. Dana A. Jaradat	Head of Strategy & Marketing as of 6/5/2021	74,577	-	-	74,577
13	Mr. Fadi M. Ayyad	Head of Compliance	166,613	5,490	900	173,003
14	Mr. Mahmoud I. Al Ahmar	Head of Risk	111,076	3,508	900	115,484
15	Mr. Yousef W. Hassan	Head of Internal Audit	78,522	2,690	2,100	83,312
16	Mr. Abdallah I. Mismar	Head of Administration Affairs until 30/11/2021	94,676	-	-	94,676
17	Mr. Tawfiq A. Mukahal	Deputy G.M of Banking Group until 4/5/2021	264,828	-	400	265,228
18	Mr. Ayman D. Kurdi	Head of Operations – until 5/5/2021	79,713	-	-	79,713

## Statement of Disclosure

**4b/19: Donations:** Total donations made by the Bank and its subsidiaries during 2021 amounted to JOD 545,770 Details of which are listed below:

Recipient	Amount / JOD
Charities and Social Activities	252,623
Support Education	88,746
Banking and Financial Culture	75,483
National Workshops and Conferences	3,500
Sport Activities – outside and inside the Bank	61,552
Training Students from Institutes and Universities	17,661
Health Initiatives	15,200
Commercials and Advertisement	17,389
Support of Outstanding Students	2,500
Support Authors and Writers	7,576
Others	3,540
<b>Total</b>	<b>545,770</b>

**4b/20: Contracts, projects and commitments held by the Bank with subsidiaries or sister or affiliate companies or the Chairman or members of the Board of Directors or General Manager or any staff member of the Bank or their relatives:**

1. During 2021, the Bank entered into transactions with subsidiaries, sister and affiliate companies, major shareholders, members of the Board of Directors, and executive management within the normal Bank activities and applying commercial interest rates and commissions. All facilities granted to stakeholders are considered performing loans and no provisions were allocated for them. Details of such transactions are disclosed in Note 37 to the 2021 consolidated financial statements published in this report.
2. During the year 2021, the bank entered into a lease agreement for offices of a building adjacent to the Head Quarters owned by a Related Party to the Bank, and this deal was disclosed in note No.37.

**4b/21:** The Bank contributes towards the welfare of the local community and the environment; this was explained in the Activities and Achievements Chapter of this report.

**4c/1-5: Financial Statements:** Included in the report.

**4d: Auditor's Report:** Included in the report.

## Statement of Disclosure

### 4e: Declarations by the Board of Directors:

4e/1: The Board of Directors hereby declares that there are no material issues that could hinder the business continuity of the Bank during the financial year 2022.

4e/2: The Board of Directors also declares its responsibility for the Financial Statements and that the Bank has an effective control system.

4e/3: Each of the undersigned Board of Directors declares that he did not gain any benefits, either cash or in-kind, as a result of his position at the Bank and was not declared whether be it for himself or any of his related parties during the year 2021.

	Chairman and Board of Directors	Signature
1	H.E. Mr. Nasser A. Lozi	
2	Mr. Faisal H. Al-Ayyar	
3	Mr. Masaud M. Jawhar Hayat	
4	Mr. Tariq M. Abdul Salam	
5	Mr. Nidal F. Qubbaj	
6	H.E. Mr. Marwan M. Awad	
7	Mr. Bijan Khosrowshahi	
8	H.E Dr. Marwan J. Muasher	
9	Mr. Hani K. Huaidi	
10	Mr. Majed F. Burjaq	
11	Dr. Safwan S. Toqan	
12	Dr. Omar M. Al Jazy	
13	Mrs. Nadia A. Rawabdeh	

**4e/4: The Chairman of the Board, the General Manager and the Financial Manager hereby declare that all information and data provided in this report are accurate and comprehensive.**

Chairman of the Board	Chief Executive Officer	Financial Manager
Nasser A. Lozi	Haethum S. Buttikhi	Ibrahim F. Taani
		



**CORPORATE GOVERNANCE  
GUIDE 2021**

## CORPORATE GOVERNANCE GUIDE 2021

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## Corporate Governance Guide

The Central Bank of Jordan defines Corporate Governance as a system through which the Bank is managed and run. This system aims at identifying and achieving the corporate objectives of the Bank, managing the Bank's business safely, protecting the depositors' interests, being committed by due diligence responsibility towards shareholders and other stakeholders and abiding by laws and the Bank's internal policies.

Jordan Kuwait Bank perceives corporate governance as the key to win the confidence of the customers and other parties interested in JKB. Corporate Governance is the methodology through which JKB manages its interrelations and relations with the other involved parties.

JKB believes that the existence of good corporate governance will result in good management of the Bank and help to achieve the Bank strategic objectives. Moreover, JKB has an absolute belief that the presence of good governance at all Jordanian institutions will lead to have efficient institutions and provide the appropriate competitive environment, and so support the national economy in general. As banks play an important role in the financial system, and their businesses depend on their customers' deposits, it is therefore of high importance that they should have good corporate governance.

In view of that, the Board of Directors (BoD) of JKB decided to adopt the Corporate Governance Guide («the Guide») which has been prepared according to the best international standards in this regard and based on the instructions of the Central Bank of Jordan (CBJ) and other regulatory authorities. By adopting this guide, JKB aims at implementing the principles of corporate governance represented in fair treatment of all relevant stakeholders, transparency and disclose JKB's actual financial and administrative position, in addition to accountability in terms of the relations between the BoD and executive management, BoD and shareholders, and BoD and other entities. JKB provides the approved version of the Guide on its website [www.jkb.com](http://www.jkb.com)

This guide reflects JKB requirements and policies approved by BoD. The Guide provisions shall be applicable to BoD, senior executive management and staff. JKB adopts strategies, policies and administrative structures of its subsidiaries within the framework of sound governance.

### Definitions:

**Corporate Governance:** The system by which the bank is directed and managed, and which aims at identifying and achieving the bank's Corporate goals, managing the bank's operations safely, protecting the interests of depositors, committing to the responsibility due towards shareholders and other stakeholders, and the bank's commitment to legislations and the bank's internal policies.

<b>Adequacy:</b>	The availability of specific requirements in the Bank's board of directors' members and its senior executive management.
<b>The Board:</b>	The Bank's Board of Directors
<b>Stakeholders:</b>	Anyone with interest in the bank, such as depositors, shareholders, employees, creditors, clients, or relevant control bodies.
<b>Main Shareholders:</b>	Any person holding 5% or more of the Bank's capital, directly or indirectly.
<b>Executive Member:</b>	Board of Directors' member who participates, against remuneration, in managing the Bank's daily operations.
<b>Independent Member</b>	A member of the Board of Directors who is not subject to influences that may hinder his ability to take objective decision to the Bank's favor and satisfies the conditions stipulated in article (6/D) of these instructions.
<b>Senior Executive Management:</b>	Includes the Bank's top positions specified in the Banking Law and the Corporate Governance Instructions issued by the Central Bank of Jordan, other instructions and legislations to which the Bank is subject, and all the positions defined in accordance with the job evaluation system adopted by the Bank at grade 20 or above.

## JKB Corporate Governance Objectives

JKB aims at achieving the best standards of business ethics covering all the Bank's business aspects through disclosing JKB results accurately and transparently, and complete abidance by the various laws and regulations that govern JKB work.

## Legal framework and sources of corporate governance

In preparing the Corporate Governance Guide, the Bank relied on the following:

- Banking Law In force.
- Companies' Law in force.
- Securities Law in force and the instructions of the Securities Commission.
- Deposit Insurance Law in force.
- Regulations and instructions issued under the above mentioned laws and any subsequent amendments thereof.
- Instructions for Corporate Governance for Banks issued by the Central Bank of Jordan
- Basel Committee relevant publications.
- OECD countries and the World Bank publications on corporate governance.
- Accounting Standards and International Financial Reporting Standards employed by investors to hold the management accountable.
- Laws in force in countries where JKB has branches and within the limits of JKB business.

In addition to the laws protecting the rights of shareholders, depositors and stakeholders.

## Corporate Governance Related Parties

### Shareholders

JKB framework of governance is dedicated to protect shareholders' rights along with serving and fairly treating them, particularly in the light of the laws, regulations and instructions issued by the regulatory authorities. The same also applies to JKB policies and procedures.

### BoD Members

BoD members, on behalf of the shareholders, manage JKB under the various laws which define their duties and responsibilities (such as, Companies Law, Banks Law ... etc.

### Employees

All JKB employees, respectively, are held responsible for the implementation of the internal control procedures as part of their responsibilities in achieving the objectives of the Bank.

JKB employees should have the necessary information, skills, knowledge and authority to carry out JKB businesses. Indeed, this requires full understanding of the Bank, the industry, the market and the risks associated therein.

Through the employees' pursuit to achieve these requirements, they will positively contribute to JKB performance and achievements, and this will lead to job security and satisfaction.

### Creditors

The different parties that are related to JKB, through contractual relations such as customers, suppliers and creditors.

## Organizational Structure

Part of BoD duties is to approve an organizational structure consistent with the nature of JKB activities, to ensure that there are sufficient regulations to implement the adopted strategy, to facilitate effective decision-making process and to implement good corporate governance through:

- Clear and transparent organizational structure.
- Specific targets for each administrative unit.
- Job's specific duties and responsibilities for each administrative unit.
- Authorities, reporting lines and direct supervision channels designated for different managerial positions, as well as proper tasking/ tasks segregation.
- Manuals, policies and work procedures appropriate to execute and supervise operations, particularly defining a job description for all levels of jobs within the organizational structure, including qualifications and experience of staff holding each position.
- Ownership structure which does not hinder corporate governance.
- Independent departments to perform the functions of risk management, audit and compliance.
- Units and employees that are not involved in the daily operations of JKB activities (such as the employees of Credit Review and Middle Office).

## BoD Members

- a. The Bank's Board of Directors shall consist of, at least, thirteen members and four of them should be independent Directors as defined by the governance instructions issued by the Central Bank of Jordan on independent member.
- b. None of the Members of BoD shall be an executive Director.
- c. BoD develops a clear and appropriate policy for its members which is consistent with the laws and regulatory requirements.
- d. In spite of what is stipulated in the Companies' Law, it is not permissible to assume both the positions of the board chairman and the general manager. The chairman of the board, board members, or main shareholders may not be connected to the general manager with a familial relationship below the fourth degree.

## BoD Responsibilities

BoD is responsible for the soundness of all JKB operations, including its financial conditions, implementation of the Central Bank requirements besides other supervisory and regulatory requirements relating to JKB businesses, care for stakeholders, management of the Bank within the framework of its internal rules and policies, ensure that effective control over JKB activities is always in place, including JKB activities delegated to third-parties. To achieve all of that, members of BoD and their committees are allowed to have a direct contact with the executive management and BoD Secretary, while ensuring that none of the board members influences the decisions of the executive management, except through deliberations which take place during the board meetings or those of the committees emanating from it. BoD members are also authorized to seek external assistance, when required, on JKB expense in coordination with the Chairman.

## BoD Tasks and Duties

Given the terms of reference and powers of JKB General Assembly, the elected BoD by the General Assembly shall carry out the duties and responsibilities of managing JKB activities for a period of four years effective the date of election. BoD tasks and duties include, but are not limited to:

### In the area of general supervision, control and draw JKB strategies:

1. Overseeing senior executive management and follow-up their performance and ensure soundness of JKB financial position and solvency. BoD shall adopt appropriate policies and procedures for supervision and control over JKB performance.
2. Defining and approving the Bank's strategy
3. Identifying JKB strategic objectives, directing the executive management to develop a strategy to achieve these objectives, and approving this strategy. BoD shall adopt action plans which are consistent with this strategy.
4. Approving JKB organizational structure which identifies reporting sequence, including BoD committees and executive management.
5. Approving a policy to monitor and review the executive management performance through developing performance indicators to identify measure, and monitor the performance and progress towards the achievement of corporate goals.
6. Ensuring the existence of policies, plans and procedures covering all JKB activities which are consistent with the relevant laws, and that they are communicated to all administrative levels, and are regularly reviewed.
7. Identifying JKB corporate values , drawing clear lines of responsibility and accountability for all JKB activities and promoting a high-level culture of ethical standards, integrity and professional conduct of JKB managers.
8. Taking the appropriate actions to address weaknesses in the internal control systems or any other points identified by the external auditor, adopting internal control systems and reviewing them annually, in addition to approving appropriate controls which enable BoD to hold the senior executive management accountable for their actions.

### In the area of policies, instructions, strategies and controls to be endorsed by BoD:

1. Approving appropriate policies and procedures to supervise and control JKB performance.
2. Approving a set of clear boundaries of responsibility and accountability to be committed to, and abided by, all levels of JKB management.
3. Approving an effective policy to ensure the relevancy of BoD members "fit and proper". The policy should include minimum criteria, and conditions that the BoD candidate and appointed member should have. The policy should be reviewed from time to time and when necessary. BoD should develop adequate procedures and systems to ensure that all BoD members meet relevance standards and that they continue to enjoy them.
4. Approving a policy to ensure the relevancy of the members of senior executive management so that this policy includes minimum criteria, and conditions of laws in force on senior executive management. BoD reviews this policy from time to time, establishes sufficient procedures and systems to ensure that all members of the senior executive management meet the relevance standards and that they continue to enjoy them.
5. Approving a system to measure the performance of the Board and its members, and a system to measure the performance of JKB administrators excluding BoD members and the General Manager.
6. Approving a policy and procedures to address any conflict of interests for JKB is part of a banking group, and disclosure of any conflict of interest may arise as a result of JKB partnerships with companies of the group.
7. Approving policies and procedures for dealings with stakeholders, so they include identifying these parties, taking into consideration the laws, transactions terms, approval procedures and a mechanism to monitor these transactions, so as not to go beyond these policies and procedures.
8. Approving the controls for information transfer among various departments to prevent exploiting them for personal advantages.

### What BoD should verify:

1. Ensure the existence of adequate and reliable management information systems which cover all JKB activities.
2. Verify that the credit policy includes assessing the quality of corporate governance of JKB clients, mainly public shareholding companies, so that clients' risks are assessed by identifying their strengths and weaknesses according to their governance practices.
3. Ensure that JKB adopts appropriate social initiatives in the field of environment protection, health and education, taking into account financing of SMEs at affordable prices and proper repayment schedules.
4. Ensure that the organizational structure clearly reflects borders of responsibility and authority.
5. Ensure that senior executive management performs its responsibilities related to the management of JKB daily operations, contributes to the implementation of corporate governance at the Bank, delegates powers to the staff, establishes an effective management structure that boosts accountability and that they carry out tasks in various areas and activities of JKB businesses in a manner that is consistent with the policies and procedures approved by BoD.
6. Ensure that the executive management enjoys a high level of integrity in exercising its business and avoid conflicts of interest.

### BoD duties in the area of recruitment, appraisal and rewards:

1. Appointing a general manager enjoys qualities of integrity, technical competency and banking expertise, after obtaining the Central Bank of Jordan's "No Objection" prior to his appointment.
2. Approve, based on the recommendations of the special committee, the appointment of any executive management member after obtaining the Central Bank of Jordan's "No Objection"
3. Approve, based on the recommendations of the special committee, the resignation or service termination, of any executive management member. As for the resignation or service termination of the General Manager, the Audit manager, the Risk Management manager and the Compliance manager CBJ's "No Objection" should be obtained,
4. Forming committees from BoD members, defining their objectives and delegating powers according to a charter identifying such powers. Committees should submit periodic reports to BoD.
5. Endorsing a succession plan for senior members of the executive management of the bank. BoD should review this plan once a year at least.
6. Assessing the General Manager's performance annually in accordance with an appraisal system developed by the Nominations and Remuneration Committee, including developing the KPIs. Factors of the General Manager's performance appraisal should include JKB financial and administrative performance and his achievement of JKB medium and long term strategies and plans. The committee should report the appraisal results to the Central Bank of Jordan.
7. Establishing procedures to determine BoD members' remunerations in accordance with the approved appraisal system.
8. Ensuring the relevance of BoD members and members of the senior executive management in accordance with the JKB adopted policies and laws and regulations in force. BoD should verify that all declarations included in the Central Bank of Jordan instructions are duly signed.
9. Adopt a system to evaluate its work and that of its members, providing this system includes, as a minimum, the following:
  - Establish specific objectives and specify the role of the board in fulfilling these objectives in a measurable manner.
  - Establish key performance indicators that could be derived from the plans and strategic objectives, and used to measure the board's performance.
  - Communication between the board of directors and the shareholders, and maintaining this communication periodically.
  - Periodical meetings between the board of directors and the senior executive management.
  - The member's role in the board of directors' meeting, and comparing his performance with that of others. Feedback must be obtained from the relevant member for the purpose of improving the evaluation process.
10. Adopt a system to measure the performance Bank's administrative staff other than members in the board of directors, and the general manager, provided this system includes the following as a minimum:
  - An adequate weighted value is given to measure compliance performance in the work frame of risk management, implementing internal control and organizational requirements.
  - That the total income or profit is not the only element to measure performance, but by taking into consideration also other elements to measure the performance of administrators, such as risks resulting from basic operations, customer satisfaction, and others, wherever this is applicable.
  - Refraining from peddling influence and conflict of interest.

### BoD Duties in the Area of Disclosure and Publication:

1. Ensuring the allocation of a part of JKB website to give details on the shareholders' rights and encourage them to attend and vote at the General Assembly meetings, as well as publishing documents related to meetings, including the full text of the invitation and minutes of meetings.
2. Ensuring that the financial and non-financial information of interest to stakeholders is published.
3. Ensuring that JKB abides by disclosures set by the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), instructions of the Central Bank of Jordan, other relevant laws and international accounting standards. BoD should also ensure that the executive management is aware of changes taking place to the international financial reporting standards.
4. Ensuring to include disclosures in JKB annual and quarterly reports which give the current or potential shareholders an access to JKB operations results and financial position.
5. Ensuring that the annual report includes the following as a minimum:
  - A summary of the Bank's organizational structure.
  - A summary of the functions and responsibilities of the board's committees, and any authorities the board delegated to these committees.
  - The Bank's Corporate Governance manual and Information important to stakeholders as shown in, and the extent to which it is committed to implementing what was mentioned in the manual.
  - A text stating the responsibility and approval of the Board for the accuracy and adequacy of the financial statements of the Bank and the information contained in the report and the adequacy of internal control and systems.
  - Information about each member of the board of directors, his qualifications and experience, and the amount of his contribution in the Bank's capital, and whether he is independent or not, his membership in the board's committees, the date of his appointment, any membership he enjoys in the boards of directors of other companies, all forms of bonuses he received from the bank for the previous year, loans extended to him by the bank, and any other operations concluded between the bank and the member or the parties related to him.
  - Information about the risk management department, including its organization, the nature of its operations, and the developments taking place in it.
  - Number of times the board of directors met, its committees, and the number of times each member attended these meetings.
  - Names of each member of the board of directors and the senior executive management who resigned over the year.
  - A summary of the Bank's bonus-granting policy, disclosing all types of bonuses and awards to the board of directors' members separately, as well as bonuses granted to members of the senior executive management separately, for the past year.
  - The main shareholders of the Bank and in the companies that contribute mainly in the Bank
  - Names of shareholders who own (1%) or more of the Bank's capital, specifying the ultimate beneficial owners of these contributions or any part thereof, clarifying if any of these contributions is totally or partially mortgaged.
  - Affirmations from all board members that the member did not receive any undisclosed benefits through his work at the bank, whether these benefits are material or tangible, and whether they were for him personally or for anyone related to him, for the previous year.
6. Notifying the Central Bank of Jordan by any material information that could adversely affect relevance of any member of the senior executive management.
7. Providing a specific mechanism to ensure communication with stakeholders through disclosures and providing significant information on JKB activities to those stakeholders through the following:
  - General assembly meetings.
  - Annual report.
  - Quarterly reports that contain financial information, in addition to the board's report on the bank shares dealings and its financial position during the year.
  - The Bank's website.
  - Shareholders' relations section
8. Develop a mechanism for receiving complaints and proposals submitted by the shareholders, including their proposals to include specific topics on the agenda of the meeting of the General Assembly and take appropriate decision thereon.
9. Establish a mechanism to allow shareholders holding at least 5% of the shares to add items on the agenda of the Ordinary General Assembly before sending it to the shareholders.

### **BoD duties in the Area of Internal and External Audit:**

1. Adopting the necessary procedures to enhance internal audit effectiveness through: displaying the due importance of the audit process, consolidating it in the Bank and following-up the corrective measures as per the audit notes.
2. Ensuring that the Internal Audit Department is able to carry out its tasks, it has the qualified staff and be certain to provide the Department constantly with appropriate and trained employees.
3. Ensuring and enhancing the principle of internal auditors' independence, placing them at adequate level in JKB's organization structure, ensuring they have access to all records and information and the ability to contact any JKB employee, so that they are able to fulfill the tasks entrusted to them and prepare their reports without any external interference.
4. Adopting an internal audit code which includes duties, authorities and responsibilities of the Audit Department and to be circulated within the Bank.
5. Adopting systems of internal control and monitoring. BoD is to ensure that the internal and external auditors review the structure of these systems once a year at least. BoD should furnish JKB annual report with information confirming the adequacy of these systems.
6. Verifying that the Internal Audit Department is subject to the direct supervision of the Board Audit Committee, and it reports directly to the Chairman of the Audit Committee.
7. Ensuring the external auditor's independence at all times.
8. Ensuring a regular rotation of the external auditor among audit offices and its subsidiaries and allied companies each seven years at maximum, the seven year period at starting the implementation shall be calculated as of the year 2010.
9. The first year (at circulation) for the new office shall be performed jointly with the old office. It is not permissible to re-elect the old office again before at least two years have elapsed from the date of its last election at the bank, excluding to the joint audit mission.

### **BoD Duties in the Area of Compliance:**

1. Approving a policy to ensure JKB compliance by all relevant laws, and reviewing this policy on a regular basis and verifying that it is implemented.
2. Approving the duties and responsibilities of Compliance Control Department.
3. Ensuring Compliance Control Department independence and providing it constantly with qualified and trained staff.

### **BoD Duties in the Area of Risks:**

1. Prior approving any expansion in JKB activities, BoD should take into account related risks and competences and qualifications of Risk Management Department staff.
2. Approving a strategy for risk management and monitoring its implementation. Such a strategy should include the acceptable level of risk, and ensure not exposing the Bank to high risks. BOD should be, acquainted with JKB operational environment and risks associated with it. BoD should ensure that JKB has the tools and infrastructure designated for risk management that are able to identify, measure, control and monitor all types of risk faced by the Bank.
3. Approving an Internal Capital Adequacy Assessment Process. Such a process should be comprehensive, effective and able to identify all risks that JKB may encounter, and that it takes into consideration JKB strategic plan and capital plan. BoD should review this process regularly, verify its implementation, and validate that JKB maintains adequate capital to encounter all risks it may face.
4. Approving JKB acceptable risk document.
5. Verifying that violations on acceptable levels of risk are addressed, including holding the senior executive management accountable for such violations.
6. Ensuring that the Risk Management Department conducts stress testing periodically to measure JKB ability to withstand the shocks and cope with high risks. BoD should play a key role in approving assumptions and scenarios used and discuss the tests results, as well as approving actions to be taken based on these results.
7. Ensuring Risk Management Department independence through submitting its reports to the Risk Management Committee, and granting the Department the necessary powers to be able to obtain information from other JKB departments and to cooperate with other committees to carry out their duties.

## Duties of the Chairman of the Board:

1. To establish a constructive relationship between BoD and JKB executive management.
2. To promote the culture of constructive criticism on issues discussed in general and issues where members have various views regarding them, and to encourage debate and vote on those issues.
3. To ensure that all BoD members receive and sign the minutes of previous meetings, and that they receive the agenda of any meeting in advance providing that the agenda includes sufficient written information about topics that will be discussed at the meeting. The Secretary of the Board shall deliver the meeting agenda.
4. To ensure the existence of the code that regulates and sets out BoD scope of work.
5. To discuss the strategic and significant issues in BoD meetings extensively.
6. To provide each BoD member upon being elected with the provisions of laws related to banks activities and the Central Bank instructions related to the work of BoD, including corporate governance instructions, the booklet which explains the member's rights, responsibilities and duties, and duties of the BoD Secretary.
7. To provide each member with a sufficient summary of JKB businesses upon appointment or upon request.
8. To discuss with any new member, with the assistance of JKB legal adviser, BoD duties and responsibilities, particularly the legal and regulatory requirements. This is to be done to clarify the duties, powers and other issues related to BoD membership, including the membership term, dates of meetings, committees' duties, rewards, and the possibility to seek an independent specialized technical advice, if required.
9. To meet the BoD members' needs regarding the development of their experience and their continuous learning. Chairman may allow the new member to attend orientation program taking in consideration the member's banking background. The program must cover the following topics as a minimum:
  - The Bank's organizational structure, corporate governance and the Code of Professional Conduct.
  - Institutional objectives and the Bank's strategic plan and its approved policies.
  - Financial conditions of the Bank
  - The Bank's risk structure and risk management framework.
10. To address an invitation to the Central Bank to nominate a representative to attend the General Assembly meetings prior enough time.
11. To provide the Central Bank with the minutes of meetings of the General Assembly no later than five days as of the date of the Companies' Controller or his/her representative endorsement of the minutes of meeting.
12. To ensure informing the Central Bank of any material information that could adversely affect the relevance of any members of BoD or executive management.

## Duties of BoD Member:

1. To have knowledge of laws and principles of JKB banking and operational environment, cope with developments taking place, besides the external developments related to its business, including appointment requirements of JKB senior executive management.
2. To attend BoD and its committees meetings, as needed, and the General Assembly meetings.
3. Not to disclose any JKB confidential information or using them for their or others interest.
4. To give the priority for JKB interests in all transactions with any other company in which he has a personal interest, not to take JKB business opportunities to his own advantage, and to avoid conflict of interest.
5. Disclose to the board in detail of any conflict in interests in case they existed, committing not to attend or participate in the decision taken in the meeting in which this issue is deliberated, and to record this disclosure in the board's minutes of meeting.
6. Allocate sufficient time to carry out his duties as a member of the Board of Directors

## The Board Secretary

1. To attend all BoD meetings, record all the deliberations, suggestions, objections, reservations and vote processes on BoD draft decisions.
2. To determine dates of BoD meetings in coordination with the Chairman.
3. To ensure that BoD members sign the minutes of meetings and decisions.
4. To follow up the implementation of BoD decisions and to follow-up any pending issues from the previous meeting.
5. To keep records and documents of BoD meetings.
6. To take the necessary measures to ensure that draft decisions planned to be issued by BoD comply with relevant laws.
7. To prepare for the General Assembly meetings and to cooperate with the BoD committees.
8. To provide the Central Bank with the relevance declarations signed by BoD members.

## BoD Meetings

1. BoD shall convene at a written notice of the Chairman, or Vice-Chairman if he/she is absent, or upon a written notice submitted by a quarter of its members to the Chairman justifying the grounds for such a meeting. If the Chairman or Vice-Chairman do not call for a meeting within seven days effective as of the date of receipt of notice, members who submitted the notice shall have the right to call BoD to convene.
2. BoD shall convene with the presence of an absolute majority of members at JKB head office or in any other place within the territories of the Kingdom if it is impossible to hold it at JKB head office. BoD decisions shall be issued with absolute majority of members who attend the meeting. If votes are equal, the chairman of the meeting shall be deemed a casting vote.
3. Members of the Board must attend the meetings of the Board in person. In the event of inability to personally attend, the Board member may present his or her opinion through video or telephone after the approval of the Chairman of the Board, without the right to vote or to sign the minutes of the meeting.
4. Voting on BoD decisions shall be in person and carried out by the persons themselves and it could not be by proxy, by correspondence or in any other indirect means.
5. BoD meetings shall be held six times at least per a fiscal year. There should be a meeting for the BoD every two months.
6. The Board of Directors shall appoint a Secretary to record minutes of Board meetings and resolutions in a precise and complete manner and to record any reservations raised by any member. The Bank shall keep all such records appropriately.
7. Prior BoD meeting, the senior executive management should provide BoD members with complete and accurate information and the Chairman should ensure doing so.

## Responsibility and Accountability Limits

- BoD adopts clear boundaries of responsibility, accountability and commitment and to abide by them at all levels of management in JKB.
- Take the necessary steps to create a clear separation between the authorities of the shareholders who own an influential interest on one side, and the executive management on the other, for the purpose of reinforcing proper Corporate Governance, and hence, create adequate mechanisms to reduce the effect of shareholders who own influential interest, through the following, as an example:
  - That none of the shareholders who own influential interest occupies any position in the executive management.
  - That the top executive management derives its authority from the board only, and work within the mandate granted to it by the board.
- BoD should ensure that JKB organizational structure plainly reflects the lines of responsibility and authority, and that it includes the necessary regulatory levels under the laws and regulations in force.
- Ensure that senior executive management performs their responsibilities related to the management of JKB daily operations, they contribute to the implementation of corporate governance at the Bank, they delegate powers to the staff, they establish an effective management structure that will give a boost to accountability and they carry out tasks in various areas and the activities of JKB businesses in a manner that is consistent with the policies and procedures approved by BoD.

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- BoD approves the appropriate controls which enable them to hold the senior executive management accountable for their actions.
- In addition to what is stated in laws, the General Manager shall act as follows:
  1. Develop JKB strategic direction
  2. Implement JKB strategies and policies
  3. Execute BoD decisions
  4. Provide guidance to implement short and long term action plans.
  5. Deliver JKB vision, mission and strategy to the staff.
  6. Inform BoD by all the significant aspects of JKB operations.
  7. Manage JKB day-to-day operations.

### The Board Committees:

- To further organize the work of BoD and increase its efficiency and effectiveness, BoD forms various committees from its members, delegate certain powers and responsibilities to them and name their chairmen.
- The committees must submit periodical reports to the Board as stipulated in their charters. The existence of these committees does not absolve BoD to assume direct responsibility for all matters relating to JKB.
- Any member of the Board shall not serve as chairperson of more than one of the following committees (Audit, Risk & Compliance, Nomination & Remuneration, and Corporate Governance). He is also prohibited from serving as chairperson of more than two committees of all Board committees.
- Board committees have the following authorities:
  - Request any data or information from bank staff who must cooperate to provide this data in a complete and accurate manner.
  - Request legal, financial, administrative or technical advice from any external consultant.
  - Request the presence of any bank employee to provide any necessary clarifications.
- The members of committees emanating from the Board of Directors may vote on the decisions of the committees which have been fully attended through the video or telephone because of inability to attend in person due to an acceptable reason to the Board of Directors, and sign of the minutes of the meetings of these committees provided it is duly documented. The members attending the meeting in person should not be less than two thirds of the members of the committee, and that the personal attendance of the member shall not be less than (50%) of the meetings of the committee held within one year.

### A. Board Audit Committee:

#### Committee's Role:

The Board Audit Committee is tasked to carry out the following, in addition to other relevant functions stated in its Charter. The Charter stipulates the right of the committee to get any information from the executive management and its right to call any administrator to attend its meetings. The Audit committee's tasks may not be merged with the tasks of any other committee.

1. The Committee shall review:
  - The scope, results and the adequacy of JKB internal and external audit
  - Accounting issues that have a significant impact on JKB financial statements
  - JKB internal control and monitoring systems.
2. Provide recommendations to BoD regarding the external auditor's appointment, termination, fees and any other related contracting terms, taking into account any other tasks entrusted to them which lie outside the scope of the audit.
3. Verify the independence of the external auditor annually.
4. The Committee shall enjoy the power to obtain any information from the executive management, and has the right to call any administrative officer to attend any of its meetings, if so is stipulated in the committee's charter.
5. Meet with the external and internal auditors and compliance officer once at least annually without the attendance of any of the senior executive management members.
6. Review and monitor procedures that enable the employee to report confidentially any mistake in financial reports or any other matters. The Board Audit Committee shall ensure implementing the necessary arrangements for carrying out an independent investigation and follow the results of the investigation and treat them objectively.
7. Verify that the internal audit staff is rotated to audit JKB various activities every three years at minimum.
8. Verify not to task internal audit staff with any executive duties.
9. Verify that all JKB activities, including outsourced activities assigned to third parties, are subject to audit.
10. The Board Audit Committee shall exercise the role entrusted to it under the Banks Law and other relevant laws. This should include particularly the following:
  - Review and approval of the internal audit plan which includes audit scope and frequency.
  - Ensure that the executive management takes the corrective actions on a timely manner regarding weaknesses in the internal control, and cases of non-compliance with policies, laws and regulations, and other remarks identified by the internal audit.
  - Ensure that JKB is implementing the international accounting and audit standards accurately.
  - Review observations stated in the regulatory authorities and external auditor reports and follow-up the correction procedures.
  - Review JKB financial statements prior submitting them to BoD, particularly to verify regulatory authorities' orders on capital adequacy, adequacy of provisions taken against the bad debts and all other provisions and to express their opinion in JKB non-performing debts or debts proposed to be deemed as bad debts.
  - Ensure that the laws and regulations governing JKB work.
  - The Head of Internal Audit Department may attend the Committee meetings, and the Committee may invite any person to seek their opinion on a particular issue.
11. Appraise the Head and staff of Internal Audit Department performance and determine their remunerations.

#### Formation of the Committee and the periodicity and quorum of its meetings:

- The Committee shall be formed and its chairperson appointed by a decision of the Board of Directors. It shall consist, at least, of three members, the majority of them including the Chairperson shall be independent, , provided that the chairperson is not the Chairman of the Board or the chairperson of any other committee emanating from the Board.
- All members of the Committee should hold academic qualifications and enjoy appropriate practical expertise in areas of accounting, finance or any other disciplines or areas related to JKB's areas of business.
- The Audit Committee shall meet at the invitation of its Chairperson at least once every three months, or whenever the need arises, or based on the decision of the Board of Directors, or on the request of two of its members, and submits its reports to the Board of Directors. The meeting shall be considered valid if attended by at least two members and its recommendations will be taken by majority vote. The Committee shall maintain documented minutes of meetings.

### B. Board Risk Committee:

#### Committee's Role:

The Board Risk is tasked to carry out the following below stated duties at least, in addition to other relevant duties stated in its Charter:

1. Review JKB risk management framework.
2. Review JKB risk management strategy prior to BOD approval.
3. Cope with the developments affecting JKB risk management, and submit periodic reports to BoD.
4. Verify that there is no discrepancy between the actual risks that JKB takes and the level of acceptable risk approved by BoD.
5. Establish appropriate conditions that ensure the identification of fundamental impact of risks and any other activities carried out by JKB which may expose the Bank to higher risks than the acceptable level, report that to BoD and follow-up corrective measures.

#### Formation of the Committee and the periodicity and quorum of its meetings:

- The Committee shall be formed and its chairperson appointed by a decision of the Board of Directors. It shall comprise of three members at least, one of whom shall be independent and the chairperson of the committee. The Committee membership may include members of the executive management. The committee may invite management representatives or other experts and specialists to attend its meetings.
- The Committee shall meet at the invitation of its Chairperson at least once every three months, or whenever the need arises, or based on the decision of the Board of Directors, or on the request of two of its members, and submits its reports to the Board of Directors. The meeting shall be considered valid if attended by at least two members and its recommendations will be taken by majority vote. The Committee shall maintain documented minutes of meetings.

### C. Board Nominations and Remuneration Committee:

#### Committee's Role:

Board Nominations and Remuneration Committee is tasked to carry out the following below stated duties at least, in addition to other relevant duties stated in its Charter:

1. Identify qualified persons to join BoD within the members' relevance policy approved by BoD taking into consideration the capabilities and qualifications of the persons nominated. In case of re-nominations, member's attendance and extent of participation in Board meetings should be taken into account.
2. Nominate to BoD qualified persons to join the executive management, in accordance with the requirements of the Executives employment policy.
3. Ensure BoD members joining workshops or seminars on banking topics, particularly risk management and corporate governance, and the latest developments in the banking business.
4. Determine whether the member meets the independent member criteria taking into account the minimum requirements stated in the laws and regulations in force, and verify the status annually.
5. Supervise the implementation of policies adopted by BoD regarding BoD and senior executive management performance appraisal, including the General Manager.
6. Provide information and summaries on some of the important topics of JKB to BoD members upon request, and ensure updating them constantly about the latest topics related to the banking business.
7. Ensure that the policy of granting remunerations to JKB administrative staff is in place, review it regularly and implement this policy. Also, provide recommendations regarding the General Manager and other members of the senior executive management salaries, remunerations and other privileges. The Internal Audit Department Manager and staff performance appraisal and remunerations are to be determined by the Board Audit Committee.
8. Evaluate the work of the board, its committees, and its members as a whole annually, and it shall inform the Central Bank and the Securities Commission with the result of this evaluation.
9. Set clear methodology to verify that board members allocate sufficient time to carry out their duties, including (for example) the multi commitment of the member to other boards/bodies memberships/forums...etc.

### **Formation of the Committee and the periodicity and quorum of its meetings:**

- The Committee shall be formed and its Chairperson appointed by a decision of the Board of Directors. It shall comprise of three members at the least, the majority of whom are independent including the Chairperson. The Committee may invite members of the executive management or other specialized persons to attend its meetings.
- The Committee shall meet at the invitation of its Chairperson at least twice a year, or whenever the need arises, or based on the decision of the Board of Directors, or on the request of two of its members, and submits its reports to the Board of Directors. The meeting shall be considered valid if attended by at least two members and its recommendations will be taken by majority vote. The Committee shall maintain documented minutes of meetings.

## **D. Board Corporate Governance Committee:**

### **Committee's Role:**

1. In addition to their duties delegated by BoD, Board Corporate Governance Committee is in charge of directing and supervising the processes of preparing the Corporate Governance Manual, its update and implementation monitoring. The committee is also tasked to perform the following:
  - Ensure that JKB organizational structure serves the requirements of corporate governance.
  - Ensure commitment to the adopted JKB Code of Ethics at the level of BoD and all administrative levels in the Bank.
  - Formulate written procedures for the implementation of the Corporate Governance Guidelines of the listed companies issued by the Securities Commission and to ensure the Bank's compliance with these instructions and to study the comments of the Commission on its application and follow up on what has been done.
2. Prepare the Governance Report and submit it to the Board of Directors.

### **Formation of the Committee and the periodicity and quorum of its meetings:**

- The Committee shall be formed and its Chairperson appointed by a decision of the Board of Directors. It shall comprise of three BOD members at least, the majority of whom are independent and should include the Chairman of the Board. The Committee may invite members or representatives of the management or other experts and specialists to attend its meetings.
- The Committee shall meet at the invitation of its Chairperson at least twice a year, or whenever the need arises, or based on the decision of the Board of Directors, or on the request of two of its members, and submits its reports to the Board of Directors. The meeting shall be considered valid if attended by a majority of its members and its recommendations will be taken by majority vote. The Committee shall maintain documented minutes of meetings.

## **E. Board Compliance Committee**

### **Committee's Role:**

The Board Compliance Committee is tasked to carry out the following below stated duties at least, in addition to other relevant duties stated in its Charter:

1. Recommend to the BoD to adopt governing compliance management policies, including compliance policy, anti-money laundering policy, international sanctions policy, bribery policy, combatting fraud and any other policy related to compliance management, and periodically reviewing these policies and commitment to their application.
2. Assess the degree of effectiveness with which the Bank manages the risk of non-compliance at least once a year and review it should amendments have been made.
3. Adopt the organizational structure of the Compliance Control Department and ensuring its independence, in order to ensure the compliance control function is separate from the Bank's other departments.
4. Ensure that an annual non-compliance risk management plan is in place that takes into account any shortcomings of policies, procedures or their application, and that they are associated with the efficiency of the existing compliance risk management and identifies the need for any policies or procedures to deal with new non-compliance risks that arise during the annual risk assessment.
5. Review the reports that include compliance control tests results, including assessments of non-compliance risks, infractions and deficiencies detected and the remedial actions taken.

**Formation of the Committee and the periodicity and quorum of its meetings:**

- The Committee shall be formed and its Chairperson appointed by a decision of the Board of Directors. It shall comprise of three Board members at least, the majority of whom are independent. The Committee may invite members or representatives of the management or other experts and specialists to attend its meetings.
- The Committee shall meet at the invitation of its Chairperson at least once every 3 months a year, or whenever the need arises, or based on the decision of the Board of Directors, or on the request of two of its members, and submits its reports to the Board of Directors. The meeting shall be considered valid if attended by a majority of its members and its recommendations will be taken by majority vote. The Committee shall maintain documented minutes of meetings.

**F. Board Credit Committee:**

**Committee's Role:**

1. Grant, modify, renew and restructure of credit facilities that exceed the authorities of the Management Credit Committee, headed by the General Manager, within the limits set by the Board of Directors. The Board of Directors shall take the decisions in matters exceeding the Committee's authorities.
2. The Committee's authority is limited to taking the right decision regarding the facilities that have been recommended for approval by the Management Credit Committee.
3. The Board of Directors may delegate to the Management Credit Committee some or all of this Committee's authorities; in respect of modifying the terms or restructuring of facilities with the need to keep the Board Credit Committee informed of the decisions taken under these authorities.
4. The Committee's authority shall not include the following:
5. Granting credit facilities to members of the Board of Directors.
6. Writing-off debts.
7. Submit to the Board periodically details of the credit facilities that have been approved by the committee.
8. The Committee's decisions are considered valid by the presence and personal voting of its members, if a member is unable to attend, he may express his opinion through telephone or video, and has the right to vote and sign the minutes of the meeting that have to be duly documented.
9. The work of this committee shall be evaluated by the Board of Directors.

**Formation of the Committee and the periodicity and quorum of its meetings:**

- The Committee shall be formed and its Chairperson appointed by a decision of the Board of Directors. It shall comprise of at least five Board members, one of whom may be independent but not a member of the Audit Committee. The meeting shall be considered valid if attended by at least four members, and decisions are taken by majority of its members regardless of the number of attendees. If the votes are equal, the side to which the Committee Chairperson votes will outweigh.
- The Committee may invite members or representatives of the management or other experts and specialists to attend its meetings.
- The Committee meets once every week and maintains documented minutes of meetings.
- The General Manager is the Secretary of the Committee.

## G. Board Management and Investment Committee:

### Committee's Role:

#### Management issues:

- Approve requests for administrative expenses, procurement contracts, bids, supplies, donations, and generally all commitments and contracts in excess of the powers entrusted to the senior executive management as identified within the Authority matrix and powers endorsed by the Board of Directors.
- Approve requests/offers for the sale of Bank owned properties beyond the limits entrusted to the Senior Executive Management as stipulated in the approved Authority matrix.
- Approve Bank owned real estates' pricing annually or when required.

#### Investment issues:

- Approve proposals and requests submitted by the Management Investment Committee on matters beyond its authority as stipulated in the approved authority matrix annexed to the approved investment policy. This includes the following:
  1. Bank investments in Jordanian dinar in money market and capital market instruments.
  2. The Bank's investments in foreign currencies in money market, capital market tools and currency exchange operations.
- The Board of Directors shall decide on any of the items listed above if they exceed the authority of the Committee, The Committee submits periodic reports to the Board on the details of the items and processes it has approved.

#### Formation of the Committee and the periodicity and quorum of its meetings:

- The Committee shall be formed and its Chairperson appointed by a decision of the Board of Directors. It shall comprise of at least five Board members, one of whom may be independent but not a member of the Audit Committee. The meeting shall be considered valid if attended by at least three members including its Chairperson.
- Decisions are taken by majority of its members present, if the votes are equal, the side to which the Committee Chairperson votes will outweigh. The Committee may invite members or representatives of the management or other experts and specialists to attend its meetings.
- The Committee meets once every two weeks and whenever necessary and shall maintain documented minutes of meetings.
- The General Manager is the Secretary of the Committee.

## H. Information Technology Governance Committee

### Committee's Role:

The Committee shall undertake the following tasks guided by the Governance and Management of Information Technology and its accompanying Instructions No. 65/2016 dated 25/10/2016 issued by CBJ:

1. Approve the Information Technology strategic objectives and appropriate organizational structures, including Steering Committees at Executive Management Level, particularly (The Information Technology Steering Committee), ensuring the achievement of the Bank's strategic objectives, and realizing the best value-added of projects and investments in Information Technology while utilizing the tools and standards to monitor and ascertain the extent of achievement, such as using the IT Balanced Scorecard system, and calculating the rate of return on investment (ROI) and measuring the investment impact on financial and operational efficiency.
2. Approve the general framework for the control and monitoring of resources and projects, that corresponds to best accepted international practices in this regard, particularly (COBIT) (Control Objectives for Information and related Technology), complying with and facilitating the achievement of objectives and regulations, through the sustainable achievement of corporate objectives, and achieve the information objectives' chart and its associated technology and cover IT governance operations
3. Approve the corporate objectives chart, and its associated Information Technology objectives, considering its legibility as minimum, and define the sub-objectives needed for its achievement.
4. Approve the responsibility chart (RACI Chart) towards the major operations of IT governance and its emanating sub-operations i.e.: The party or parties or the person primarily responsible (Responsible), and those finally responsible (Accountable), and those consulted (Consulted), and those to be informed (informed) towards all operations guided by the standard (COBIT 5 Enabling processes) in this regard.

5. Ensure the existence of a general IT Risk Management Framework that complies and integrates with the Bank's general comprehensive Risk Management Framework, and takes into account all IT governance operations.
6. Approve an information technology resources and projects budget in line with the Bank's strategic objectives.
7. Oversee and be acquainted of the progress of information technology operations, resources and projects to ensure its adequacy and its effective contribution in achieving the Bank's business and its requirements
8. Be acquainted of the audit reports on information technology and taking the necessary action to correct deviations.
9. Recommend to the Board of Directors to take the necessary measurements to correct any deviations.

### **Formation of the Committee and the periodicity and quorum of its meetings:**

- The Committee shall be formed and its Chairperson appointed by a decision of the Board of Directors, and the Board determines its objectives and powers, to be demonstrated in its Charter.
- The Committee shall comprise of, at least, three Board members and preferably comprising persons with expertise or strategic knowledge in information technology. The committee, in coordination with the Chairman of the Board, may seek the assistance of external experts when necessary, at the expense of the Bank to make up the shortfall in this area and enhance substantive opinion. The Committee may invite any of the Bank's administrators to attend its meetings to express their opinion, including those involved in internal audit and senior executive management members (such as Information Technology Manager) or those involved in External auditing.
- The Committee shall elect one of its members to be an observer member in the Information Technology Steering Committee.
- The Committee shall submit periodic reports to the Board, the Board's mandate to the Committee does not relieve it from its responsibilities in this regard.
- The Committee shall meet at the invitation of its Chairperson at least once every three months, or whenever necessary, or in accordance with the decision of the Board of Directors, or the request of two of its members, and shall submit its reports to the Board of Directors. The meeting shall be considered valid if attended by the majority of its members and its recommendations will be taken by majority vote. The Committee shall maintain documented minutes of meetings.

## **Senior Executive Management**

BoD approves the appointment of JKB Executive Management. BoD makes sure that members of the Executive Management possess the necessary expertise, competencies and integrity to manage JKB businesses and affairs in a manner consistent with the standards of professional conduct, particularly supervising the JKB management, enjoying the appropriate competences to oversee key individuals associated with the Bank operations. JKB develops a policy to manage and fill top executive jobs to meet laws and regulations requirements in force and the aspirations of JKB.

The Executive Management implements the principles of corporate governance in JKB and provides adequate control over the activities they manage

In this context, the Executive Management identifies the staff tasks accurately. They also propose the administrative structure which is meant to promote the concept of accountability and transparency. The Executive Management is to supervise the fulfillment of the specific responsibilities/ powers and they will be responsible for JKB performance.

## Administrators' Performance Appraisal:

JKB develops policies of performance appraisal which ensure the participation of all those involved in managing JKB businesses to achieve the Bank objectives through carrying out tasks, objectives and obligations assigned to each one of them within a framework of fair competition based on the culture of excellence in performance.

- Performance Appraisal Policy for BoD and its members
- Performance Appraisal Policy for holders of senior positions and accountability
- Performance Appraisal Policy for other JKB staff members.

All the aforementioned policies are based on the latest international practices which are meant to objectively measure of performance, take into account risk aversion and the provisions of laws and regulations in force.

## Internal Control and Audit Systems:

The Board and the Executive Management of JKB are in charge of developing, implementing and maintaining internal control and audit systems that are able to ensure and achieve the following:

- Accurate and integral financial and operational data issued by JKB.
- Efficient and effective performance of JKB operational processes.
- Effective protection procedures of JKB assets and property.
- Compliance with work policies and internal procedures, laws and regulations in force.

This is based on BoD belief in the importance of effective internal control and audit system as it is one of the most important elements of good management and the basis for the soundness and quality of JKB operations. JKB adopted a number of internal control and audit systems which the senior executive management is responsible to set up, follow-up its development and update them. JKB management is constantly monitoring and assessing the efficiency and effectiveness of these systems, their ability to achieve the desired goals and strive to enhance them. Supervisory departments make sure that transactions with stakeholders are conducted in accordance with the adopted policies and procedures.

BoD adopts control and audit policy addressing all aspects of the internal control systems in terms of their definition, components and BoD and senior executive management responsibilities.

To ensure JKB supervisory departments independence and that they fulfil their supervisory roles they tasked to carry out, their reports are to be submitted to BoD committees. BoD committees appraise the performance of the holders of senior positions at supervisory departments under the Performance Appraisal Policy for holders of senior positions adopted by BoD.

## JKB Supervisory Departments

### Internal Audit Department:

This department is tasked to review commitment with the Corporate Governance Manual, verify of compliance with JKB policies, procedures, international standards and laws related to JKB activities, verify the existence and compliance with internal control and audit systems quite enough to encompass JKB activities and its subsidiaries, carry out financial and managerial auditing, review the soundness and comprehensiveness of the Stress Testing and ensure the accuracy of the internal capital adequacy assessment process (ICAAP).

Internal Audit Department submits its reports to the Board Audit Committee and to the General Manager simultaneously.

### **Risk Management Department:**

This department is tasked to monitor risks in JKB at all levels and market and operational areas, information risks, credit risks and business continuity, and monitor JKB departments compliance with the identified levels of risk in accordance with the best international standards. Risk Management Department submits its reports to the Board Risk Committee. The tasks of the risk management department shall be as follows as a minimum:

1. Review the Banks' risk management framework before it is approved by the board.
2. Implement the risk management strategy in addition to developing work policies and measures to manage all types of risks.
3. Develop methodologies to identify, measure, monitor, and control all types of risks.
4. Submit reports to the board through the risk management committee, with a copy to the senior executive management, which include information about the actual risk profile for all the Bank's activities, compared to risk appetite document, while continuing to address negative deviations.
5. Verify the integration of risk measurement mechanisms with the management information systems used.
6. Study and evaluate all types of risks faced by the Bank.
7. Submit recommendations to the risk management committee about the Bank's exposure to risks, recording cases of exemption from the risk management policy.
8. Provide the necessary information regarding the Bank risks, to be used for disclosure purposes.

### **Compliance Control Department:**

This department is tasked to verify compliance with local and international laws and regulations governing JKB businesses. Compliance Department submits its reports the Board Compliance Committee and copy of the same to the General Manager. It is also tasked to monitor and combat money laundry. Moreover, it is tasked to manage Customers Complaints Unit within a framework approved by BoD as per the supervisory instructions.

All the aforementioned departments should develop their own charters to be approved by BoD.

### **Business Ethics Code**

JKB adopted a code of business ethics which was approved by BoD and pledged to abide by all JKB staff in their respective administrative levels, in addition to the BoD members.

**This code identified JKB staff's ethics, values and principles through four main themes, namely:**

- Integrity.
- Compliance with the laws.
- Transparency.
- Loyalty to the bank.

As for integrity, the code included that JKB employees are committed to the following:

- Depositors' funds are a trust and responsibility which should be kept safe.
- Personal interest should not conflict with JKB interests.
- Not to use inside information to serve personal interests.
- Maintaining objective and non-bias personal relationships.
- Avoiding business relations with customers and suppliers.
- No-discrimination whatsoever among customers.
- Refrain from accepting gifts, benefits and invitations.

As for compliance with the laws and regulations, employees should abide by bank secrecy and JKB policies and work manuals. Also, they should pay more attention for combating money laundering, not to issue bad cheques and to abide by the management's decisions.

Concerning transparency, JKB employees should be committed to provide authorized accurate figures, data and reports, and that the data is accurate, adequate, timely and in line with the standards. Additionally, employees should disclose their personal interest and soundness of their financial standing and their personal business activities, and to disclose any violations and damages.

Regarding loyalty to JKB, this could be realized through achieving JKB mission, vision, objectives and role, transferring JKB slogan into a tangible reality, besides achieving customer satisfaction and retain them, being positive, excellent, responsible, enjoying qualities and efficiency, then accuracy and continuous learning, keeping up with working hours, adapting to work stress with the spirit of teamwork, paying attention to appearance, conduct and good handling of situations, being keen to maintain JKB reputation and achievements, maintaining JKB assets and its appearance, not to disclose work secrets, taking permission of the administration to make any statement related to JKB via any means of media.

The relevant standards and policies are published through JKB website. The level of adherence to those standards and policies should be identified in the Corporate Governance Report included in JKB annual report.

### Conflict of Interest

JKB shall have written policies on conflict of interest covering its definition, independent execution, and disclosure; whether such conflict is between the Board members and JKB or between the Executive Management and JKB.

**Conflict of interest policy shall cover various aspects related to this subject, such as:**

- Board member shall avoid the activities which may lead to conflict of interest.
- BoD approval shall be obtained for any activity a Board member performs that may result in a conflict of interest and verify that the activity does not contain any conflict.
- Board member shall disclose any subject, which may lead to or has already led to a conflict of interest.
- Board member shall abstain from voting on any item of the agenda which might contain a conflict of interest for the member or has an effect on the objectivity of the vote.
- All transactions with related parties shall be based on equal basis and clear mechanism established for the Board to handle the case in the event of non-compliance with conflict of interest policy.
- The conflict of interest policy shall contain examples of cases where a conflict of interest may arise for a Board member.

### Transactions with Stakeholders

- JKB shall have written policies on transactions with the related parties. These policies shall include rules and procedures for organizing transactions with such parties whether between JKB and its employees, JKB and its Board members or their companies, or parties related to them, including lending transactions and joint trading transactions with JKB.
- BoD shall ensure that the transactions with stakeholders are reviewed to assess their risks and are subjected to appropriate restrictions in place.

### Whistle Blowing Policy

The Bank shall place policies and procedures to report on illicit acts/ Fraud- "Whistle Blowing Policy", including procedures enabling employees to contact the Chairman of the Board to communicate any concerns they might have on the possibility of violations or fraud, and in a way that allows independent investigation into these concerns and to follow-up them. These procedures shall ensure that JKB provides the required protection for these employees to assure them they will not be threatened or penalized even when there is nothing to prove their concerns.

### JKB Governing Policies

Jordan Kuwait Bank regards providing written policies covering all the Bank's activities with high importance as these policies are adopted by the Board of Directors and circulated to all management levels as well as reviewing and updating them regularly to reflect any changes and amendments that occur to the laws, regulations, economic circumstances and any other matters related to the Bank.

## Protecting Shareholders Rights and their Relations with the Bank

- BoD ensures the protection of shareholders' fundamental rights concerning the registration and transfer of ownership, participation in the General Assembly meetings, gaining profits and get information regularly on JKB.
- BoD shall encourage shareholders' active participation of in the General Assembly meetings; explaining voting procedures and rules, as well as inform them by the date and venue of the meeting along with the meeting agenda in sufficient time, in addition to inform shareholders by the General Assembly minutes of the meetings.
- JKB develops positive relations based on transparency with all shareholders. In this regard, the Bank saves no effort to encourage all shareholders, especially minority shareholders, to attend the annual meeting of the General Assembly and they are encouraged to vote. In addition, consideration is given to voting on each issue that is raised during the annual meeting of the General Assembly separately.
- The Chairmen of the various Board committees attend the annual General Assembly meeting.
- Following the General Assembly meeting, detailed report is prepared to inform shareholders of the various remarks and questions brought forth by the shareholders and management responses to them as well as the conclusions reached.
- Representatives of the External Auditors attend the annual General Assembly meeting to answer any questions that may be raised regarding audit and the auditors' report.
- Pursuant to the Companies Law, members of the Board of Directors are elected or re-elected during the annual General Assembly meeting. The external auditor is also elected during the same meeting.

## Transparency and Disclosures

- JKB provides full information regarding its activities constantly and periodically to all stakeholders such as regulators, shareholders, depositors and the public in general; focusing on issues with material impact on the Bank.
- JKB is fully committed to the requirements of full disclosure according to the International Financial Reporting Standards (IFRS) and the disclosure instructions issued by the Central Bank and regulators.
- JKB follows up the various developments regarding the requirements of disclosure according to international standards, such that they are immediately reflected in its financial reports.
- JKB commits to providing permanent and professional communication lines with all relevant stakeholders such as regulators, shareholders, investors, depositors and other banks. To achieve this, JKB shall create a position of Investors Relation officer whose main task is to provide full and objective information regarding the Bank's financial and administrative standing as well as the Bank's various activities.
- JKB annual report shall contain all information related to the Bank in a manner that is transparent and objective.
- Publish periodic reports that contain quarterly financial information, in addition to a report from the BoD regarding the trading of the Bank's stocks and its financial standing during the year as well as periodic briefs by Executive Management for shareholders, financial market analysts and journalists specialized in the financial sector.
- Hold periodic meetings between the Bank's Executive Management and investors and shareholders.
- JKB provides the information available in its annual or periodic reports on the Bank's website in both the Arabic and English languages, where information is updated constantly.
- The reports that JKB presents must contain disclosure from the Executive Management about the results of current and future operations, the financial standing of the Bank and any future results of risk that might affect the general financial standing of the Bank.



## Branches & ATMs Directory

### Amman Branches

Main Branch	06-5621310
Abdali Branch	06-5653491
Jabal Amman Branch	06-4641317
Wehdat Branch	06-4777174
Commercial Center Branch	06-4624312
Tla'a El'Ali Branch	06-5532168
Jabal Al-Hussein Branch	06-5658662
Abu-Alanda Branch	06-4162756
Yarmouk Branch	06-4742549
Wadi El-Seir Branch	06-5858864
Jubaiha Branch	06-5333501
Ibn Khaldoun Branch	06-4613902
Shmeissani Branch	06-5685403
Vegetable Market Branch	06-4127588
Marka Branch	06-4889531
Madinah Munawarah Branch	06-5533561
Amra Branch	06-5535292
Sweifiyah Branch	06-5851028
Nazzal Branch	06-4382618
Mecca Mall Branch	06-5518649
Abu-Nsair Branch	06-5235223
Abdoun Branch	06-5924195
Al-Mougabalain	06-4203679
Marj El Hamam Branch	06-5731053
City Mall Branch	06-5824698
Al-Rabiyah Branch	06-5510839
Wadi Saqra Branch	06-5679174
Dabouq Branch	06-5411580
Mecca Street Branch	06-5532651
Petra University Branch	06-5711283
King Abdullah Bureau Branch	06-4626990
Al-Madina Al-Riyadiyah Branch	06-5161873
Zain Branch	06-5810734
Dair Ghbar Branch	06-5853681
Khalda Branch	06-5370835
Al-Rawnaq Branch	06-5850289
Southern Sweileh Branch	06-5356737
Taj Mall Branch	06-5936901
Galleria Mall Branch	06-4017870
Jawal Branch	+962-791995681
Hashmi Al Shamali Branch	06-5051538
Tabarbour Branch	06-5065336
Zahran Branch	06-4612214
Abdali Mall Branch	06-5629415

### Amman Branches

Abu-Hassan Mall Branch	06-4164585
Dome of the Rock Branch	06-4386827
Private Banking Branch "The Villa"	06-5903232

### Middle Region Branches

Baq'ah Branch	06-4725090
Madaba Branch	05-3244853
Amman Ahliyyah University Branch	05-3500029
Al-Salt Branch	05-3558995
Samarah Mall Branch	05-3561243
Fuhais Branch	06-4710493

### North Region Branches

Irbid Branch	02-7243665
Yarmouk University Branch	02-7256065
King Abdullah II Street Branch	02-7248496
Al-Mafraq	02-6235901
Al Huson Branch	02-7020208
Jerash	02-6340916

### South Region Branches

Aqaba Branch	03-2015188
Al-Karak Branch	03-2396102

### Zarqa Area Branches

Zarqa Branch	05-3983855
Russaifeh Branch	05-3744151
Free Zone – Zarqa Branch	05-3826196
New Zarqa Branch	05-3864556
Hussien Bin Talal St. Branch	05-3938498
Bab Al Madinah Branch	05-9851273

### Jawal Branch

Jawal Branch	+962-791995682
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### Branches Outside Jordan

Cyprus Branch	+35725875555
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## ATM Locations – Jordan

### Amman

JKB Arab Orient Insurance ATM

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JKB Safeway Shmeissani ATM

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JKB Cozmo ATM

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JKB Car ATM

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JKB Mecca Mall ATM

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JKB Baraka Mall ATM

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JKB Jabal Al-Weibdeh ATM

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JKB Isteklal Hospital ATM

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JKB Crowne Plaza Hotel ATM

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JKB Rawhi Pharmacy - Abdoun ATM

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JKB Rawhi Pharmacy - Khelda ATM

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JKB MILLENNIUM HOTEL ATM

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JKB Rainbow St. ATM

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JKB Regency Hotel ATM

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JKB Centro Mall ATM

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JKB Avenue Mall ATM

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JKB Abdali Boulevard ATM

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JKB Carrefour Al-Madinah Al-Monawarah ATM

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JKB Carrefour Abu Nsair ATM

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JKB Carrefour Al-Nuzha ATM

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JKB Movenpic ATM

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JKB KHBP ATM

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JKB Fairmont ATM

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JKB Abu-Hassan Mall Branch ATM

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JKB Kuwait embassy ATM

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JKB Total Gas Station-Gardens / DRIVE THRU

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JKB Clemensou Hospital

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JKB The National Center for Diabetes ATM

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JKB Andalucia Villas

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JKB Al-Tajamoat Industrial City

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JKB New Headoffice Building

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JKB Private Banking Villa ATM

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JKB ST Regis ATM 1

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JKB ST Regis ATM 2

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JKB Al Quds ATM

### Middle Region

JKB Samarah Mall Branch ATM1

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JKB Crowne Plaza Hotel / Dead Sea ATM

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JKB Hilton Dead Sea ATM

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JKB Kempinski Dead Sea ATM

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JKB Holyday inn deadsea

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JKB Al-Ahliyya Amman Uni ATM

### North Region

JKB Irbid City Center Mall ATM

### South Region

JKB Kempinski Hotel-Aqaba ATM

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JKB Tala Bay Aqaba

### Zarqa Area

JKB Al Manaseer Gas Station / Zarqa ATM

### ITM Locations

ITM-boulevard

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ITM-IrbidCityCenter

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ITM-AbdaliMall Branch

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ITM-Abdoun Branch

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ITM-City-Mall Branch

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ITM-Al Madinah Al Munawwarah Branch

---

ITM-Aqaba Branch

### Headquarters

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Contact Center: +962-6-5200999 / 080022066

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