

2020

Annual Report

البنك التجاري الأردني
Jordan Commercial Bank



Annual Report

For the Year Ended December 31st, 2020



His Majesty
King Abdullah II bin Al-Hussein



HRH Crown Prince
Al-Hussein bin Abdullah II

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Mission Statement

Our Vision:

Our vision is to become Jordan's leading private financial institution. We strive to achieve this goal through acquiring advanced, secured services, in line with the best banking practices.

Our Mission:

Our mission is to provide our corporate, retail, and investment clients with customized, high quality and competitively priced financial solutions. Through both our ever-increasing regularly enhanced range of cutting-edge banking solutions and our efficient distribution channels, we are committed to delivering world-class products and services that reward our stakeholders and customers, as well as our personnel.

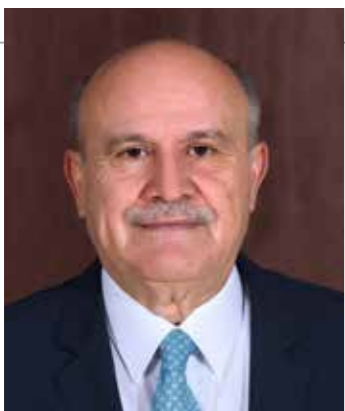
Our Values:

- The Bank's employees are our greatest asset.
- The Bank's clients are our first priority.
- Transparency is the foundation of our credibility.
- A sense of responsibility is the guide to our customer service.
- Our commitment to continuous improvement.
- Our responsibility lies firmly with our society.

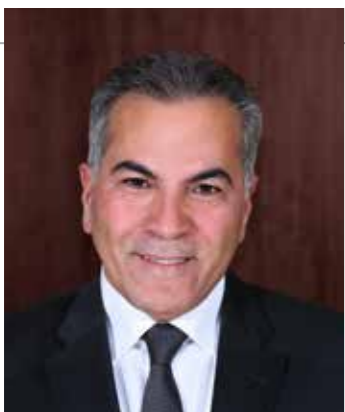
Members of the Board of Directors



Mr. Michael Faiq Ibrahim Sayegh
Chairman (Non-Independent)



H.E. Mr. Ayman Hazza Barakat Al Majali
Vice Chairman (Non-Independent)



Mr. Shareef Tawfiq Hamad Al Rawashdeh
Board Member (Non-Independent)



Social Security Corporation (First Seat)
Board Member Represented by:

Mrs. Areej Suleiman Khaled Obaidat
as of 12/6/2019 until 8/9/2020 (Non-Independent)



Mr. Rami Adam Anaaz Titi
Since 17/06/2020 until 7/9/2020 (Non-Independent)



Mr. Fadi A. A. Abu Ghoush
Since 8/9/2020 (Non-Independent)

Members of the Board of Directors



Social Security Corporation (Second Seat)
Board Member Represented by:

HE Mr. Mo'nes Omar Saleem Abdel ALL (Non-Independent)



Mr. Abdelnour Nayef Abdelnour (Personally)
as of 9/7/2020 /Board Member (Non-independent)



First Jordan Investment Company PLC.
Board Member Represented by:

Mr. Saleh Mohammad Saleh 'Zeid Al Kilani' (Non-Independent)



Ms. Iman Mahmoud Allan Al-Damen
Board Member until 9/7/2020 (Independent)



National Paints Factories Co. Ltd
Board Member until 9/7/2020 Represented by:

Mr. Abdelnour Nayef Abdelnour
until 9/7/2020 (Non-Independent)



Mr. Yazeed Shamseddin "Mohammad Yousef" Al-Khalidi
Board Member until 9/7/2020 (Independent)

Members of the Board of Directors



H.E. Mr. Muhannad Shehadeh Khalil Khalil
Board Member (Independent)



Mr. Osama O. A. Hamad
Board Member (Independent)



Mr. Henry Toufic Ibrahim Azzam
Board Member as of 9/7/2020 (Independent)



Mr. Nasser H. M. Saleh
Board Member as of 9/7/2020 (Independent)

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Chairman's Message

Visionary Leadership



Chairman's Message

Honorable shareholders of Jordan Commercial Bank,

I am pleased to present to you the seventeenth Annual Report of Jordan Commercial Bank for the year ending on 31/12/2020.

The year 2020 witnessed exceptional and unprecedented challenges, resulting from the spread of the Corona pandemic worldwide, prompting various countries and governments to take and impose precautionary and preventive measures to limit the spread of the pandemic, due to the danger to the health and lives of individuals.

These measures, which included closing airports, borders and most economic sectors, imposing a curfew on citizens, imposing strict health measures on individuals and other measures, had significant economic and social impacts on the lives of various segments of society. It also affected many business establishments and extended its effect to include most aspects of economic activity in all countries. The GDP decreased in most of the world's economies, a state of economic contraction prevailed, unemployment rates rose, the volume of international trade decreased, and many countries suffered a decrease in their general budgets. For Jordan, these measures had a greater impact, as they coincided with a general weakness in the main economic indicators, such as high public debt ratio, continuing deficit in trade balance and in current accounts, high fiscal deficit, and many others.

To remedy this situation, and in particular the economic impact, central banks and governments in most countries of the world have taken exceptional measures; central banks lowered interest rates with the aim of injecting liquidity into the markets and helping debtors (especially individuals) in reducing the debt burden; while governments provided direct financial aid to individuals and companies most affected, by helping them bear the burden of the spread of this pandemic. Many governments proposed and provided a number of exceptional initiatives and measures to support these individuals and companies as well.

Locally, the Central Bank launched initiatives and issued decisions in an effort to reduce the impact of the pandemic's repercussions on the country and its citizens, instructing banks to reduce interest rates on individual loans, postpone individual loan instalments (for those who wish to do so), starting from March 2020. The postponement decision continued for several months. In addition to taking measures to increase liquidity in the banking market by reducing the cash reserve requirement, and entered into Repo agreements with banks, which contributed to providing the banking sector with liquidity in excess of one billion dinars. As for the government, it provided direct financial assistance for the sectors and companies most affected by the pandemic, in cooperation with the Social Security Corporation, it also established the «Himmat Watan» fund to collect donations to contribute to providing aid. The banking sector, including Jordan Commercial Bank, played an important role in donating to this fund. These initiatives and decisions had a positive impact, and many individuals and businesses benefited from them.

The banking sector, although it was able to withstand the impact of these measures and adapt to them, (some banks even took additional measures to preserve the health and lives of employees and their families), the effects can be seen on the net business results, as the net profit for most banks decreased. The decrease was mainly due to the additional provisioning booked to face any future clients' defaults. This increase in provisions, although it constituted a burden on profits, contributed to enhancing the financial strength of banks and increased customer confidence in the banking sector. The growth rates of deposits and facilities during the year 2020, especially deposits, were also affected, as the balances declined at the end of the first quarter of the year as a result of withdrawals from a number of customers. However, growth recovered in the following months (even if they remained below their usual rates). Likewise, the growth rates of facilities decreased during the year 2020 compared to previous years.

Jordan Commercial Bank was not immune to these challenges, as its profits declined during the year 2020 by 4.8 million dinars compared to the year 2019, after it achieved an increase in net profit from the years 2018 and 2019, respectively.

At the level of banking activities, the growth rate of deposits was better than the banking sector, as our deposits grew by 11.8% compared to 4.2% for the banking sector, which led to an increase in our market share of deposits from 2.37% to 2.54%. As for the level of facilities, our growth rate increased compared to the banking sector, as our total facilities grew by 8.2% compared to 5.7% for the banking sector, which led to an increase in our market share of facilities from 2.70% to 2.76%.

Equity increased by 0.2% at the end of 2020 compared to the end of 2019 and amounted to 139.5 million dinars.

Dear Shareholders,

In addition to what the Bank has achieved on the financial side, there have been operational achievements during the year 2020 on several levels, as follows:

Clients and Branches:

The Bank demonstrated great ability and high flexibility in dealing with various circumstances and developments. During the year 2020, the Bank continued to provide many products and services that focused mainly on credit cards and electronic services activities. The Bank also developed several products that allowed it to compete in the banking sector, including saving accounts, individual facilities, and a number of electronic services, which led to a growth in products and services. Savings account balances grew by 25.3% since the beginning of the year, while Tejari Mobile service achieved an increase in usage by 43%. With the Bank facing the challenge of the Corona crisis, it was able to maintain the provision of basic services to customers without interruption.

As for increasing our branches network, during the year 2020 the Bank opened an Express branch in Abu Al-Sous area, bringing the number of branches at the end of 2020 to 32 branches (traditional and express). The Bank also installed and operated 10 automatic teller machines in different regions of the Kingdom to increase the number of ATMs to 66. The Bank continued to modernize its network of branches and automatic teller machines within the comprehensive development plan.

Business Continuity:

Since the start of the Corona pandemic, the Bank has approved a business continuity plan, and adopted the appropriate mechanisms for implementation. With the enforcement of curfews by the government on the work schedules of most economic sectors, including the banking sector, the Bank continued to provide basic services to individuals and companies, within the controls and conditions set by the government and the Central Bank.

The Bank also continued to communicate with its customers through electronic channels, text messages, and social media sites, as well as continuing to provide cash withdrawal services to its customers and customers of other banks through ATMs.

Business Development and Internal Operations:

During the year 2020, the Bank continued to develop the technology system and update its related infrastructure, in line with its strategy of achieving comprehensive automation for all the Bank's activities and services. This development included updating the banking system according to the latest international standards. The Bank also continued to implement security and protection projects related to security risks such as Cyber Security (information security) in order to preserve the data of its customers and their interests. The Bank has also automated many programs and projects for its various workstations, and during the year 2020 the Bank renewed the certificate of compliance with the standards of security and safety of its global cards PCI-DSS for customer security in light of the increasing cyber-attacks.

Human Resources:

Human resources are considered one of the most important resources in the bank, as it is surrounded by care and attention, it is an important and fundamental element of the banking business.

Although the Bank continued during the year 2020 to pursue policies for developing its human resources, by strengthening its staff with banking expertise and adopting the principle of efficiency and equal opportunities in the recruitment, promotion and job replacement processes, with the spread of the Corona pandemic, the Bank's focus shifted

to protecting employees and their families from the dangers of this pandemic. The Bank worked on limiting the spread of infection among its employees, so many measures were taken, which are still in place to this day, such as the adoption of the remote work policy, the transfer of a number of employees to alternative work sites, the isolation of floors in the head offices and the prevention of employee movements between them except if necessary, as well as preventing visits, imposing binding health measures on employees, and other measures.

Training and Development:

Realizing the importance of training and its impact and role in growing the employees' experience and refining their skills, the Bank continued during the crisis and afterwards (despite the difficult circumstances), to hold remote training courses for employees (traditional training forums became impossible). With the ability to do the training remotely, 115 courses were held with the presence of 1810 participants, out of a total of 160 courses during the year 2020, with a grand total of 2500 participants. The Bank's internal training center had an effective role in this participation, as the number of courses held in the internal training center during the year 2020 were 60 courses, of which (42) courses were remote courses, with a total participation of (2074) participants, of which (1439) were remote.

Supervision:

During the year 2020, the Bank continued to follow and adhere the requirements of the regulatory authorities. It continuously monitors and manages current and expected risks. The Bank ensures to follow the requirements of security standards in relation to cyber security (information security) and works to provide all measurements to reduce the Bank's exposure to these risks. As for internal audit, we cannot overlook its role in strengthening and supporting the supervision at all levels of the Bank.

Dear Shareholders,

The Bank's contribution to the economic environment within the marketplace, did not prevent it from assuming an active role in the community and assuming social responsibility towards it. During the year 2020, the Bank participated and sponsored many economic and social activities at the local level including charities, sports and artistic centers, providing aid to less fortunate regions and institutions, while participating in efforts aimed at protecting and preserving the environment.

Dear Shareholders,

In conclusion, I extend my thanks to our esteemed customers for their valued confidence in Jordan Commercial Bank, I also want to thank the Central Bank of Jordan, the Jordan Securities Commission, and the Banking Association, who all had a role in supporting the Bank and providing advice and guidance to it, and of course I can't forget to thank the respected Members of the Board of Directors provided their guidance and continuous support to the bank. I must also thank the Bank's management, colleagues and the Jordan Commercial Bank family, who played a major role in the Bank's achievements during the year 2020. We hope to God Almighty that the coming years will carry with them security, health and happiness, we ask Him, the Almighty, to preserve Jordan, its King, its government and its people.

Peace, mercy and blessings of God...

Michael Sayegh
Chairman of Board of Directors

Executive Management

| Senior Executive Management | |
|--|---|
| Name | Title |
| Caesar Hani Aziz Qulajen | Chief Executive Officer (CEO) |
| Alaa "Muhammad Salim" Abdulghani Qahef | Deputy CEO - Chief Operating Officer |
| Rami "Mohammad Jawad" Fuad Hadid | Deputy CEO - Chief Business Officer |
| Mohammad Ali Mohammad Al-Quraan | AGM Credit |
| Salim Nayef Salim Sawalha | AGM, Retail Banking |
| Abdallah Mahfouz Theodore Kishek | AGM Finance |
| Wael "Mohammad Yousef" Aref Rabieh | AGM, Corporate Banking |
| Anas Maher Radhi Ayesh | Executive Manager, Treasury and Investment |
| Mounir "Muhammad Gomaa" Ahmad Muhtasib * | Executive Manager, IT Department |
| Sami Nimr Salim Al-Nabulsi * | Executive Manager, Financial Institutions Department (as of 01/06/2020) |
| Walid Khaled DeifAllah Al-Qhewi * | Manager of Legal Department/BOD Secretary |
| Alaa Saber Ahmad Shobaki * | Manager, Credit & Collection Department (as of 02/02/2020) |
| Zaher "Mohamed Farouk" Dheeb Muala | Regional Manager of Palestine Branches until 30/60/2020 as the bank's branches in Palestine were acquired by The National Bank of Palestine after obtaining approval from The Central Bank of Jordan in letter No. (10/2/5138) Date 05/05/2020, |
| Ameed Naeem Abdel Fattah Al-Batran * | Manager Central Operations Department (until 31/05/2020) |
| Waheed Darwish Muhareb Haymour * | Manager, Credit & Collection Department (until 31/01/2020) |

| Heads of Regulatory Departments | |
|----------------------------------|--------------------------------------|
| Name | Title |
| Mahmoud Ibrahim Mahmoud Mahmoud | Manager, Compliance & AML Department |
| Ajoud Sharaf Al-Din Ali AlRousan | General Auditor |
| Nadia Fahid Farid Kanaan * | Acting Manager, Risk Department |

*Non-Executive Managers.

| Heads of Bank Departments | |
|--------------------------------------|--|
| Name | Title |
| Ibrahim Barakat Fayyad Alaween | Manager, Operations Engineering |
| Ibrahim Omar Ibrahim Al-Alami | Manager, SMEs |
| Jamal Hussein Abtan Raqqad | Manager, Corporate Communications |
| Ruba Jihad Atieh Shihab | Manager, Credit Control and Management |
| Ziad Ahmad Daoud Al-Ramahi | Manager, Strategic Planning |
| Sajed Mahmoud Husni Abu Touq | Manager, Large Corporate |
| Diaa Al-Din Mohamed Ahmed Jaber | Manager, Branches |
| Faisal Mahmoud Mustafa Al-Nuemat | Manager, Trade Services |
| Lana Mohammad Shaban Abu Khadra | Manager, Central Operations (as of 01/06/2020) |
| Maher Nayef Suleiman Halasa | Manager, Administrative |
| Muhammad Ahmad Muhammad Obeidat | Manager, Credit Analysis and Review |
| Noura Waleed Muhammad Al-Jitan | Manager, HR Planning & Development |
| Hani Abdul-Rahman Mahmoud Darwish | Manager, Treasury |
| Haytham Faisal Muhammad Al-Shamaileh | Manager, Follow-up and Collection |
| Yaser Fouzi Yousef Al-Qsous | Manager, Engineering |
| Haitham Amin Khalil Hammouri | Head of Shareholders Division (Acting as of 3/12/2019) |

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Board of Directors Report

Planning & Implementation

Jordan Commercial Bank complies with the provisions of the Corporate Governance Code issued by the Central Bank of Jordan and the Corporate Governance Code for Shareholding Companies Listed in the Amman Stock Exchange for disclosures included in the Annual Report in accordance with the disclosure instructions and accounting standards. The Bank also complies with the provisions of the Corporate Governance Code for Shareholding Companies Listed in the Amman Stock Exchange for the year 2017 and the Corporate Governance Code for Companies, all required information has been included in the Annual Report. As such, The Bank is fully compliant with the disclosure of optimal corporate governance information. Disclosure information and the corporate governance report are as follows:

(1)/A: The Bank's Main Activities:

Providing comprehensive and integrated banking services to all sectors of Corporate, SMEs, Retail, Treasury and Investments with high quality and competitive rates that meet the various financial needs of customers as well as developing and creating its own products and services. The Bank also works to enhance its branch network presence and increase its customer base through strategic geographical expansion in various regions throughout the Kingdom.

(1)/B: The Bank's geographical locations and the number of employees in each of them:

1. The address of the Head Office: King Abdullah II St – 8th Circle – Al Rawnaq District – Building No. (384)
2. The total number of Bank employees reached (703) by the end of 2020, divided as follows and according to geographical presence:

| Jordan Branches | |
|-------------------------------------|------------------|
| Branch | No. of Employees |
| Head Office | 471 |
| Main Branch | 14 |
| Dahiyat Al Yasmeen | 6 |
| Dahiyat Al Nakheel - Tejari Express | 3 |
| Abu Al Sous - Tejari Express | 3 |
| Sports City | 6 |
| Commercial Complex | 6 |
| Jabal Amman | 6 |
| Jabal Al Hussein | 9 |
| Mecca St. | 6 |
| Shmeisani | 10 |
| Suweifieh | 12 |
| Amman | 6 |
| Al Yarmouk | 6 |
| Karak | 9 |
| Irbid | 10 |
| Ramtha | 8 |
| Al Quwaysimeh | 8 |
| Marka | 10 |
| Al-Hashmi Al-Shamali | 7 |
| Suweileh | 8 |
| Al Fuheis | 5 |

| | |
|-----------------|------------|
| Wasfi Al Tal St | 9 |
| Abu Nseir | 6 |
| Salt | 6 |
| Muadi | 6 |
| Az Zarqa | 6 |
| Yajouz | 6 |
| Um Uthaina | 4 |
| Madaba | 7 |
| Aqaba | 7 |
| Al Hussn St | 7 |
| Mafraq | 10 |
| Total | 703 |

(1)/C: The Volume of the Bank's Capital Investment:

The Bank's capital investment amounted to JOD 21,872,682.

(2): Jordan Commercial Bank does not have any affiliate companies.

(3)/A: The Names and Profiles of the Board Members

Names of present and resigned Board members during the year and their memberships on the boards of public shareholding companies, with confirmation that all Board Members of the Bank are nonexecutives:

1- Mr. Michael Faiq Ibrahim Sayegh Chairman (Non-independent)

Date of Membership: 16/02/2004

Date of Birth: 01/01/1946

- He received his BA in Public Administration and Political Science from the University of Jordan (1971).
- Mr. Sayegh is the Board Chairman of Sayegh Group since 1979, comprising 33 companies across the Arab world, Eastern and Western Europe and Asia. Sayegh Group operates in different industries, such as chemicals, engineering, household appliances, real estate, banking and media, providing consumers with numerous and various services, products and commodities. The Group employs 5,000 employees.
- Mr. Sayegh holds the Order of the Holy Sepulchre of Metropolitan Vindictus of the Greek Orthodox Patriarchate in 2002.
- Mr. Sayegh holds King Hussein Medal for Distinguished Contributions of the First Class in 2007.

Mr. Sayegh is the board chairman, board member and honorary president of several companies, associations and clubs, including:

- Chairman, all Sayegh Group's companies
- Chairman, Dimensions Jordan & Emirates Commercial Investments Corp.
- Chairman, the Red Sea Gas Trading Company.
- Chairman, Arab Company for Paints Products - Palestine
- Member, the National Bank / Palestine.
- Member, the First Jordan Investment Company.
- Member, the Board of Trustees of the Association of International Affairs
- Member, the Arab Paint and Coating Producers Association - representing Palestine
- Member, the Board of Trustees of Jordan Medical Aid for Palestinians
- Member, Al Jazeera Sudanese Jordanian Bank - Sudan
- Chairman, the Al-Mahaba Association.
- Honorary President, the Orthodox Club – Fuheis
- Member, the Orthodox Central Council
- Founder and Vice Chairman, the Executive Committee in the Orthodox Society
- Founder and Member, the Palestine International Institute for Research and Services

Mr. Michael Sayegh is the chairman/member of the following JCB's Board Committees:

- Chairman, Credit Facilities Committee
- Member, Corporate Governance Committee
- Member, Nominations and Remuneration Committee

2- H.E. Mr. Ayman Hazza Barakat Al Majali Vice Chairman (Non-independent)

Date of Membership: 16/02/2004

Date of Birth: 20/02/1949

- He received his BA in History (1972)
- He started his career working at the Ministry of Foreign Affairs of Jordan.
- In 1993, he was appointed as Chief of Royal Protocol at the Royal Court.
- In 1999 he was appointed as Deputy Prime Minister, Minister of Youth and Sports and Minister of Information.
- In 2002, he became a board member at the Jordan Gulf Bank and was re-elected in 2004 as Vice Chairman of the Board at the Jordan Commercial Bank.
- HE Mr. Al-Majali was elected as a member of the Jordanian Parliament and was then elected as Head of Jordan's Lower House Finance Committee in 2010 - 20212.
- In 2020, he was elected as a member in the House of Representatives of Jordan.

He was elected as a board member for the following companies: -

- Chairman, First Jordan Investment Company PLC.
- Chairman, Al Jazeera Sudanese Jordanian Bank.
- Chairman, Al Quds Ready Mix PLC.
- Chairman, International Company for Outsourcing Services (CrysTelCall).
- Vice Chairman, First Insurance Company.

HE Mr. Al-Majali is the chairman/member of the following JCB's Board Committees:

- Chairman, Debt and Property Settlement Committee.
- Member, Credit Facilities Committee.

3- Mr. Shareef Tawfiq Hamd Al Rawashdeh Board Member (Non-independent)

Date of Membership: 28/6/2012

Date of Birth: 1/8/1958

- He obtained a bachelor's degree in Economics from Yarmouk University in 1986.

Working Experience:

- He worked as an internal auditor at the Jordan Kuwait Bank (1987-1981).
- He worked as loans manager at Al Mashreq Bank, United Arab Emirates (1988-1987).
- He worked as head of Retail Banking Services and Private Services and manager of the head office at the Saudi Investment Bank, Riyadh, Kingdom of Saudi Arabia from 1988 to 2010.
- A former member of the 16th Jordanian Parliament and member of Health and Environment Committee and Energy Committee (2011-2010).
- Mr. Al-Rawashdeh holds the Certified Board Member Certificate from IFC/JIOD.

Mr. Sharif Al-Rawashdeh also holds the following positions:

- Chairman, Al Bilad Securities & Investment Co. since 2006 until 01/04/2019.
- Chairman, National Chlorine Industries Company Ltd. (from 04/2016 until 01/07/2020)
- Chairman, International Arabian Development & Investment Trading Co. since 2012 until 2015)
- Vice Chairman, Arab Jordanian Insurance Group Co. since 2012 until 6/2016.
- Board member, International Arabian Development & Investment Trading Co. since 29/07/2020)
- Board member, Al Bilad Securities & Investment Co. since 01/04/2019.
- Board member, Al-Bilad Medical Services P.L.C from 2002 to April 2014
- Board member, of the Arab Aluminum Industry (ARAL) as of 04/30/2017.
- Board member, National Chlorine Industries Company P.L.C from April 2012 to October 2012
- Member of the Board of Trustees at Mutah University
- Chairman of Management Board of Directors at Canadian International Schools
- Chairman of Management Board at Mandala Beauty Clinic
- Member of Management Board at the Jordanian-Canadian Businessmen Association
- Member at Royal Jordanian Gliding Club

Mr. Sharif Al-Rawashdeh is the Chairman and member of the Bank's Board Committees:

- Chairman, Risk and Compliance Committee
- Member, Audit Committee
- Member of the Information Technology Committee
- Member of Debt and Property Settlement Committee

4- Mr. Abdelnour Nayef Abdelnour Board Member (Non-independent)

Date of Membership: 09/07/2020 Personal Capacity.

Note: Mr. Abdel Nour Abdel Nour was named a representative of the National Paints Factories Company Ltd. on 25/10/2020 until 09/07/2020.

Date of Birth: 14/09/1972

- He received his MBA/International Business from the University of Leeds, UK, (1997)
- He received BA in Business Administration and Accounting from the University of Jordan (1994).
- He holds the Certified Board Member Certificate from IFC/JIOD.

Mr. Abdelnour is currently working as:

- Acting General Manager of Princely Enterprise from 2010 until now.
- Partner, Tadribat for Skills Development Company
- Member, Dimensions Jordan & Emirates Commercial Investments Corp.
- Chairman, Bio Scan Radiology Center
- Member, of Bio lab Medical Laboratories.
- Member, First Jordan Investment Company.

Mr. Abdelnour attended several courses, the most important of which are:

- Strategic Planning in Banking, Euromoney, London
- Certified Board Member from the World Bank
- Financial and administrative analysis and estimate budgets
- Negotiation skills and time and crisis management
- Several courses at the Institute of Banking Studies on banking and corporate businesses

Mr. Abdelnour is a chairman/member of the following JCB's Board Committees:

- Chairman, Strategic Planning Committee
- Member, Credit Facilities Committee
- Member, Debt and Property Settlement Committee
- Member, IT Governance Committee

5- First Jordan Investment Company PLC. Board Member (Non-independent)

Date of Membership: 20/04/2011. Represented by:

Mr. Saleh Mohammad Saleh 'Zeid Al Kilani'

Date of Birth: 15/10/1966

Represented by:

- Mr. Saleh Mohammed Saleh «Zeid Kilani» as of 29/07/2018 And it was renamed on 09/07/2020.

- MBA from the United States in 1989
- BA in Political Science and International Administration from the United States in 1988
- Certified Board Member from IFC/JIOD

Work Experience:

- Chief Commissioner Development Zones Commission (2008-2010)
- Commissioner for Investment and Economic Development Affairs Aqaba Special Economic Zone Authority (2005-2008)
- Former Chairman of the Dead Sea Development Company
- Held a number of positions in both the public and private sectors

- Member of the Board of Directors of Jordan Commercial Bank as a representative of the Social Security Corporation on 15/02/2010 till 28/6/2012 and as an independent member of the Board of Directors of Jordan Commercial Bank on 28/06/2012 till 20/4/2018
- Program Development & impact Advisor to Abdul Hameed Shoman Foundation (04/2013 - 9/2020).
- Board member, International Arabian Development & Investment Trading Co. since 29/07/2020)

Mr. Kilani is the member of the following JCB's Board Committees:

- Member, Credit Facilities Committee.
- Member, Risk and Compliance Committee.
- Member, Debt and Property Settlement Committee.
- Member, Strategic Planning Committee.

6- Social Security Corporation (1st Seat) Board Member (Non-independent)

Date of Membership: 25/10/2015. Represented by:

Mrs. Areej Suleiman Khaled Obaidat as of 12/6/2019 until 8/09/2020.

Date of Birth: 30/11/1982

Mrs. Areej Obaidat holds a BA in accounting and MBA, Finance from the University of Jordan. She also completed successfully levels 1 and 2 of the Chartered Financial Analyst (CFA) program.

She has 14+ years of experience, she started her professional career in 2004 at Social Security Investment Fund (SSIF) & currently she is a head of the Analysis and Valuation Section of the (SSIF),

Board membership representations:

- Jordan Ahli Bank 5/2017 – 5/2019 as representative of SSIF
- Arab potash company 12/2016 - 4/2017 as representative of SSIF

Mrs. Areej Obaidat is a member of the following JCB's Board Committees:

- Member, Credit Facilities Committee
- Member, Risk and Compliance Committee
- Member, Strategic Planning Committee

Mr. Rami Adam Anaaz Titi (17/06/2020 until 7/09/2020)

Date of Birth: 31/1/1979.

- He obtained a bachelor's degree in Accounting from Irbid University in 2000.
- Received membership in the Arab Society of Certified Accountants in 2003.
- In addition to several professional certificates.

Practical Experience:

- He has practical experience in the field of investment in the financial markets, where he held the position of Financial Director for the investment sector in Rashid Abdul Rahman Al-Rashed and Sons Company - Saudi Arabia, UAE, from 2010 until 4/2017.
- He held the position of Accounts Manager and Deputy Financial Director in the Investment Department - Rashid Abdul Rahman Al-Rashed and Sons Company - Saudi Arabia from 2005 until 2010.
- From 5/2017 to 11/2018, he held the position of financial analyst in the Portfolio Management Department - Equity Investment Directorate - Social Security Investment Fund.
- Since 12/2018 until now, he has held the position of Financial Analyst in the Contribution Support Directorate\ Corporate Affairs Section - Social Security Investment Fund.

Mr. Rami Adam Titi is a member of the committees emanating from the bank's board of directors, which are:

- Member of the Facilitation Committee.
- Member of the Risk and Compliance Committee.
- Member of the Strategic Planning Committee.

Mr. Fadi A. A. Abu Ghoush Since 8/9/2020

Date of Birth: 5/3/1979

- He received a bachelor's degree in accounting from Al al-Bayt University in Jordan in 2001
- He is accredited as a Jordanian Certified Public Accountant (JCPA) in 2012 and a Certified Internal Auditor (CIA) in 2007

Working Experience:

- He works at the Social Security Investment Fund (SSIF) since 2005. He is currently holding the position of an Acting Director of the Internal Audit Unit.
- He Worked as an employee at the Islamic International Arab Bank during the years (2002-2005)
- He worked as an accountant at Al Sabbagh Drug Store Company during the year 2005.
- He worked as a financial Implementation officer at the Houston Limited Company in Amman in 2001.
- He is a part-time lecturer of a number of professional certificates (JCPA, CPA, ACCA, CMA, CIA) in addition to topics related to internal auditing, combating money laundering and fraud, internal control and corporate governance.

Mr. Fadi A. A. Abu Ghoush is a member of the committees emanating from the bank's board of directors, which are:

- Member of the Facilitation Committee.
- Member of the Risk and Compliance Committee.
- Member of the Strategic Planning Committee.

7- Social Security Corporation (2nd Seat) Board Membership (Non-independent)

Date of Membership: 25/10/2015 Represented by:

HE Mr. Mo'nes Omar Saleem Abdel

Date of Birth 7/4/1982

- Bachelor of Accounting from Yarmouk University in 2004
- Certified Management Accountant CMA, Dec, 2013
- Certified Public Accountant CPA Dec, 2018
- DiplFR, July 2019

Working Experience:

- Head of Investment Risk at Social Security Investment Fund (SSIF), Jan 2019 till June 30, 2020
- Corporate Affairs Section – Head of Section since July 1, 2020 to date
- Head of settlement division and CFO deputy at SSIF from May 2006 till Dec 2018
- Bank al Etihad - ex BOD member – SSC delegate Nov,2017 till Nov 2019
- Jordan Press & Publishing Company "Addustour" – ex BOD member – SSC delegate April 2017 till Nov 2017
- Morgan international –Jordan, CPA instructor

HE Mr. Mo'nes Omar Saleem Abdel All is a member of the following Bank's Board Committees:

- Member of Audit Committee
- Member of Nominations and Remuneration Committee

8- Mr. Henry Toufic Ibrahim Azzam

Board Member (Independent)

Date of Membership: 09/07/2020

Date of Birth: 20/12/1949

- Henry Azzam is currently Professor of Finance and Director, Master of Finance Program, Olayan School of Business (OSB), American University of Beirut.
- He joined the faculty of OSB in January 2014.
- He holds a Ph.D. in Financial Economics from University of Southern California, Los Angeles and BA and MA from the American University of Beirut.

Working Experience:

- He was Chairman and CEO of The Social Security Investment Fund of Jordan during the period August 2012 – September 2013.
- Prior to that, Henry Azzam was until July 31, 2012 Deutsche Bank's Chairman for the MENA region and from May 2007 till October 2010
- he was Deutsche Bank's CEO for the MENA region supervising a team of 250 employees operating in the bank's branches (in Dubai, Abu Dhabi, Riyadh, Doha, Bahrain, Cairo and Algeria).
- Before joining Deutsche Bank, he was the CEO of Amwal Invest, an investment bank he founded in Amman in 2005 and had guided it through its first two years of operation.
- He was the Chairman of Dubai International Financial Exchange (now Nasdaq Dubai).
- Chairman of Mobile.Com (now Orange mobile), Amman.
- Before establishing Amwal Invest, Henry Azzam was the CEO of Jordin vest (2001 – 2004),
- Managing Director of Middle East Capital Group, Amman (1998-2001)
- AGM and Chief Economist of the Saudi National Commercial Bank, Jeddah Saudi Arabia (1990-1998)
- Vice President and Chief Economist of Gulf International Bank, Bahrain (1983-1990).
- He worked with the Arab Fund in Kuwait and the International Labour Organization in Geneva.
- He has five books the last one "The Emerging Middle East Financial Markets" published by Author House in the U.S. in September 2015.
- Previously Henry Azzam was a board member of Eqbal Investment Company (Amman), Byblos Bank (Beirut) and Rasmala Investment Bank (Dubai)
- Arab Jordan Investment Bank (Amman), Royal Jordanian Airlines (Amman), Nuqul Group (Amman), Aramex (Dubai), Majid Al Futtaim Trust (Dubai), Arabtec (Dubai),
- He was a member of the International Advisory Board of the Saudi Stock Exchange (Tadawul).

Mr. Azzam is the chairman/member of the following JCB's Board Committees:

- Chairman, Nominations and Remuneration Committee
- Member, Audit Committee
- Member, Strategic Planning Committee
- Member, Risk and Compliance Committee

9- Mr. Nasser H. M. Saleh

Board Member (Independent)

Date of Membership: 09/07/2020

Date of Birth: 4/12/1972

- Mr. Nasser holds a B.Sc. in Electrical Engineering from the University of Jordan in 1995.
- He was awarded the King Abdullah II Bin Al Hussein Medal of Distinguished Excellence in 2017 for MadfootCom project*
- was awarded Sheikh Mohammad Bin Rashid Award, for the best service project category in the Arab World in Dubai in 2018.
- He was selected as an Endeavor Entrepreneur in 2014.
- He is a member of the American Entrepreneurs' Organization (EO) in Jordan.
- He won EY Entrepreneur of The Year Award for 2013.
- He was awarded also the Queen Rania National Entrepreneurship Award in 2012.
- Mr. Nasser is the Chairman of Board of MadfootCom for ePayments.
- He is the Chairman of the British Technology Board for developing expertise in the payment and cyber security solutions.

- He held several positions as Executive Vice President, Head of Information Technology and consultant in several Arab and foreign companies and banks (Accenture, Microsoft, eDATA, AlRajhi Bank, USAID...).

Eng. Nasser Saleh is also Chairman and Member of the committees emanating from the Board of Directors of the Bank:

- Chairman of the Information Technology Governance Committee.
- Member of the Audit Committee.
- Member of the Corporate Governance Committee.
- Member of the Strategic Planning Committee.

10- HE Mr. Muhannad Shehadeh Khalil Khalil

Board Member (Independent)

Date of Membership: 22/12/2019

Date of Birth: 25/08/1970

- MBA Lincoln University, USA
- BSc in Computer Science Lincoln University, USA

Working Experience:

- He held the position of Chairman of the Government Investment Board (part-time)
- Head of the Investment and Business Development Department - His Majesty King Abdullah II Office.
- He held the position of Minister of State for Investment Affairs (Chairman of the Investment Authority).
- He member of the government economic team.
- He held the position of General Manager of the American Life Insurance Company for Jordan and Palestine branches
- He held the position of Senior Manager, Personal Financial Services and Wealth Management - HSBC Bank of Jordan.
- Served as Deputy General Manager of the Housing Bank for Trade and Finance.
- He held the position of Chief Executive Officer of the Military Credit Fund.
- Served as Vice Chairman of the Board of Directors of the Military Credit.
- Has 23 years of experience in financial and investment institutions in both the public and private sectors, involving a set of leadership roles in Jordan, Lebanon, Egypt and Palestine

Mr. Muhannad is chairman/member of the following JCB's Board Committees:

- Chairman, Audit Committee
- Member, Corporate Governance Committee
- Member, Strategic Planning Committee
- Member, Nomination and Compensation Committee

11- Mr. Osama O. A. Hamad

Board Member (Independent)

Date of Membership: 11/06/2019

Date of Birth: 21/9/1974

- Master of International Banking and Finance Law from King's College London 2000
- International Practice Diploma in International Joint Ventures from the College of Law of England and Wales and the International Bar Association 2001 Bachelors of Law (LLB) Amman University, Jordan 1996.

Working Experience:

- founder and managing partner of Hamad & Associates Attorneys at Law and Legal Counsellors
- leading Jordanian full practice with wide experience and emphasis on transactions, banking and finance, corporate and project finance, energy, private equity, mergers and acquisitions, public private partnerships, capital markets, joint ventures and investment funds in Jordan, the region and globally.

Mr. Hamad is Chairman & member of following committees of the bank:

- Chairman – Corporate Governance Committee
- Member – Credit Committee
- Member – Nomination and Compensation Committee

**12- Mr. Yazeed Shamseddin «Mohammad Yousef» Al-Khalidi
Board Member (Independent)**

Date of Membership: 25/10/2015 until 09/07/2020.
Date of Birth: 14/02/1965

He received his MBA/Finance from New York Institute of Technology (2004), and BA in Economics and Statistical Analysis/ Business Administration from the University of Jordan (1988). He also holds the Certified Board Member Certificate from IFC/JIOD.

Mr. Al-Khalidi worked in several fields, including financial Audit, Business advisory, financial management and fund management. In several regional and local companies. He served as Chief Financial Officer at Pharmacy One Group; Chief Operating Officer at EuroMena Management UK Ltd. based in Cairo and specialized in Fund Management; Chief Financial Officer for the regional real estate developer, Empire Holding; VP Finance at international reinsurer, IGI; and Group Accounting Manager, at EDGO Management Group operating in the energy , contracting and oilfield services sectors. Mr. Al-Khalidi started his professional career in the Audit and Business Advisory at Arthur Andersen offices in Amman in 1991.

Mr. Al-Khalidi is also a Board Member in the following companies:

- Solidarity - First Insurance Company PLC.
- Amman Ro'yat for Investment and Development Company PSC.
- Kasih Food Production Co. PSC.

Mr. Al-Khalidi is the chairman/member of the following JCB's Board Committees:

- Member, Nominations and Remuneration Committee
- Chairman, Audit Committee
- Member, Strategic Planning Committee
- Member, Corporate Governance Committee

**13- Ms. Iman Mahmoud Allan Al-Damen
Board Member (Independent)**

Date of Membership: 25/10/2015 until 09/07/2020.
Date of Birth: 05/06/1957

She received her MBA in Finance from the University of Jordan in 1992; Diploma in Business Administration from University of Manchester, UK, in 1990; and BA in Business Administration from Kuwait University in 1979. She Certified director from Jordan Institute Of Directors /IFC.

Ms. Iman held several positions in the banking sector:

- Head of Risk and Credit Department, Capital Bank (12/2007 to 12/2011)
- Assistant General Manager for Facilities, Cairo Amman Bank (2003 to 12/2007)
- Facilities Manager, Jordan Gulf Bank (1998-2003)
- Manager, Facilities Department, Bank of Jordan (1993-1998)

In addition to banking career, Ms. Iman worked in the field of teaching and training. She started her career as a scientific research assistant at the Faculty of Commerce, Kuwait University. Over the years, Ms. Iman has delivered several specialized training courses on credit and SMEs financing through international and regional institutes and organizations such as the USAID, Arab Academy for Banking and Financial Sciences, and Association of Jordan Banks. She is also a certified trainer for the Financial Market International Inc.

Ms. Iman represents women's associations at international organizations, most importantly the Organization for Economic Cooperation and Development (OECD), as well as local organizations supporting SMEs and women entrepreneurs in Jordan. She occupied key position of the Jordan Forum for Business, and Professional Women during the period from 2009 until 2016. She is a member of the Higher Council of the Jordanian National Forum for Women. Co- founder and chairwoman for Women on Boards – Jordan which was established in 10/2018.

Ms. Iman is the chairperson/member of the following JCB's Board Committees:

- Chairman, Risk and Compliance Committee
- Member, Audit Committee
- Member, Corporate Governance Committee
- Member, IT Governance Committee

(3)/B: The Names and Profiles of Senior Management:

**1. Mr. Caesar Hani Aziz Qulajen
Chief Executive Officer (CEO)**

- Appointment Date: 01/04/2015.
- Date of Birth: 08/22/1964.

Education and Accreditation:

- MBA in Finance from the University of Dallas, Texas - USA in 1999.

Practical Experience:

- Deputy CEO of The Housing Bank for Trade and Finance - 2012-2015.
- Assistant General Manager of The Housing Bank for Trade and Finance - 2008-2012.
- CEO of Ebram Company Investment Group, Kingdom of Saudi Arabia - 2006-2008.
- Assistant General Manager - Saudi Financial Group (Samba) - 2004-2006.
- Manager - Arthur Andersen & Co. Saudi Arabia - 1999-2004.
- Social Security Corporation - 1989 - 1997.

Membership in the boards of directors of companies as a representative of the Bank:

- Al Hussein Fund for Excellence
- Middle East Payments Services)MEPS(
- First Jordan Investment Company PLC

**2. Mr. Alaa "Muhammad Salim" Abdul-Ghani Al-Qahf
Deputy CEO, Operations and Support**

- Date of Appointment: 01/07/2004.
- Date of Birth: 17/03/1973.

Education and Accreditations:

- MBA from the German Jordanian University in 2012.

Practical Experience:

- Director of Customer Services and Products - DHL International since 1995 - 2004.

Membership in the boards of directors of companies as a representative of the Bank:

- The Arab Assurers Co.

**3. Mr. Rami "Mohamed Jawad" Fouad Hadid
Deputy CEO, Banking**

- Appointment date: 09/10/2009.
- Date of Birth: 28/02/1969.

Education & Accreditations:

- Bachelor's degree in Accounting from the University of Jordan in 1992.
- MBA and Accounting from the United States of America 1998.
- American Chartered Accountant Certificate / New York - USA in 1999.

Practical Experience:

- Director of Corporate Business Administration - Capital Bank - 2004-2009.
- The Housing Bank for Trade and Finance / Bahrain - 2003-2004.
- BNP PARIBAS Bank / Bahrain - 1999-2002.
- Arab Banking Corporation Bank / New York - year 1999.
- WHINNEY MURRAY & CO- 1995 -1996.
- UNITED TUBE PACKAGING INDUSTRY CO.LTD - 1994.
- WHINNEY MURRAY & CO - 1992 - 1993.

Membership in the boards of directors of companies as a representative of the Bank:

- RUM Group for Transportation & Tourism Investment
- Century Investment Group

4. Mr. Muhammad Ali Muhammad Al-Quraan
Assistant General Manager Credit

- Appointment Date: 19/06/2007.
- Date of Birth: 20/10/1971.

Education & Accreditations:

- Bachelor's degree in economics from Yarmouk University in 1995.

Practical Experience:

- Industrial Development Bank - 2003-2004.
- Expert House for Consulting - 2002-2003.
- The Jordanian Loan Guarantee Corporation - 2000-2002.
- The Egyptian Land Bank - 1997-2000.
- Alarba International Company - 1996-1997.

Membership in the boards of directors of companies as a representative of the Bank:

- Dimensions Jordan & Emirates Commercial Investments Corporation

5. Mr. Salim Nayef Salim Sawalha
Assistant General Manager Retail Banking and Branches

- Appointment Date: 3/1/2016.
- Date of Birth: 20/09/1975.

Education & Accreditations:

- Bachelor's degree in economics from Yarmouk University in 1997.
- Double major MBA in Marketing and Small Enterprise from California State University, East Bay in the United States of America 2001.
- Certified Management Accountant, 2014

Practical Experience:

- Country Manager - Visa International - Jordan, Iraq and Palestine - 2014-2016.
- Head of Branches - Bank Al Etihad - 2008-2014.
- Branch Manager - Wachovia Bank - 2007-2008.
- Branch Manager - Washington Mutual - 2004-2008.

6. Mr. Abdallah Mahfouz Theodore Kishek
Assistant General Manager Finance

- Appointment date: 14/06/2015.
- Date of Birth: 05/08/1967.

Education & Accreditations:

- Bachelor's degree in Accounting from Walsh University - United States of America 1990.
- CPA Public Accountant 1991.

Practical Experience:

- Assistant General Manager / Finance at Bank Al-Etihad, Jordan - 2009-2015.
- Assistant General Manager / Finance at Bank Aljazira, Kingdom of Saudi Arabia - 2003-2009.
- Senior Manager of Financial Advisors at Arthur Andersen, Saudi Arabia - 1993-2003.
- Accountant at Shredder Porter Engineering Company, America - 1992.

Membership in the boards of directors of companies as a representative of the Bank:

- Jordan Mortgage Refinance Company L.T.D

7. Mr. Wael "Muhammad Yousif" Aref Rabih
Assistant General Manager Corporate Banking

- Appointment Date: 08/24/2014.
- Date of Birth: 07/11/1977.

Education & Accreditations:

- Bachelor's degree in Accounting from Al-Zaytoonah University in 1999.
- Master's degree in Banking and Financial Sciences from the Arab Academy for Financial Sciences (2004).

Practical Experience:

- Arab Banking Corporation - 2006-2014.
- Jordan Ahli Bank - 2004-2006.
- Bank of Jordan - 2000-2004.

Membership in the boards of directors of companies as a representative of the Bank:

- METHAQ Real Estate Investment

8. Mr. Anas Maher Rady Ayesh
Executive Director of Treasury, Investment and Financial Institutions

- Date of Appointment: 11/12/2017.
- Date of Birth: 12/10/1979.

Education & Accreditations:

- Bachelor's degree in Economics, Financial and Banking sciences from Yarmouk University in (2001).

Practical Experience:

- Senior Manager, Head of Investment - Safwa Islamic Bank - 2011-2017.
- Director of Treasury Department - Arab Jordan Investment Bank (Qatar) - 2007-2011.
- Director of Treasury Department - Arab Jordan Investment Bank (Jordan) - 2006-2007.
- Treasury Officer - Societe Generale Bank (Jordan) - 2005-2006.
- Jordan Capital Bank (formerly the Export and Finance Bank) - 2001-2005.

Membership in the boards of directors of companies as a representative of the Bank:

- Syndicate of Owners of Financial Services Companies

9. Mr. Mahmoud Ibrahim Mahmoud
Director of the Compliance Control and Anti-Money Laundering Department

- Appointment Date: 05/26/2013.
- Date of Birth: 08/10/1980.

Education & Accreditations:

- Bachelor's degree in Management and Accounting (B.com) from Mysore University - India in 2002.
- Master's degree in Accounting and Information Systems (MSC.AIS) from Kingston University - London in 2007.
- CICA Certified Internal Control Systems Auditor - Internal Oversight Organization - New Jersey - United States - year 2008.
- Certified Compliance Expert from the International Academy of Financial Management (Certified Compliance Professional) CCP - General - 2011.

Practical Experience:

- Compliance Officer - Bank of Jordan - 2009-2013.
- Audit Supervisor - Brothers Auditing Company - Members of INPECT - 2007-2009.
- Team Leader - Ibrahim Hamdan Office for Auditing and Consulting - 2002-2005.

**10. Mr. Ajwad Sharaf Al-Din Ali Al-Rousan
General Auditor**

- Date of Appointment: 02/04/2017.
- Date of Birth: 08/18/1969.

Education & Accreditations:

- Bachelor's degree in Accounting from the University of Aleppo / Syria in 1992.
- Master's degree in Financial Accounting from the Arab Academy for Banking and Financial Sciences in 1997.
- CPA Certified Auditor Certified by the Illinois State Board of Accountants - USA in 1999
- Certified (CISA) Information Systems Auditor certified by the Information Systems Audit and Control Association - USA in 2001.

Practical Experience:

- Head of Internal Auditing - Standard Chartered Bank - Jordan - 2016-2017.
- Head of Internal Audit - Jordan Dubai Islamic Bank - 2009-2016.
- Director of Performance and Risk Review - Abu Dhabi Accountability Authority - 1997-2009.
- Budget Analyst - General Budget Department - Ministry of Finance - 1993-1997.

Membership in the boards of directors of companies as a representative of the Bank:

- INT'L ARABIAN DEVELOPMENT AND INVESTMENT TRADING CO.

**11. Mr. Mounir «Muhammad Juma» Ahmed Al-Muhtaseb
Executive Director of the Information Technology Department**

- Date of Appointment: 26/11/2018.
- Date of Birth: 22/12/1971.

Education & Accreditations:

- Bachelor's degree in Computer Information Systems from Al-Ahliyya Amman University in 1994.

Practical Experience:

- Director of Solutions Support - The Housing Bank for Trade and Finance - 2004-2018.
- The Saudi Investment Bank - 2000 - 2004.
- The Housing Bank for Trade and Finance - 1995 - 2000.

**12. Mr. Sami Nimer Salem Al Nabulsi
Executive Director of the Financial Institutions Department (as of 01/06/2020)**

- Date of Appointment: 20/10/2013.
- Date of Birth: 20/12/1976.

Education & Accreditations:

- Master's degree in Banking and Finance from Sheffield Hallam University in 2001.
- Bachelor's degree in Economics from the University of Jordan in (1998).

Practical Experience:

- Director of Financial Institutions and Correspondent Banking Department - The Investment Bank - 2010-2013.
- Senior Relationship Manager - Arab Bank - 2003-2010.
- Senior Officer - Jordan National Bank - 2001 - 2003.

**13. Mr. Walid Khaled Deif Allah Al-Qahwi
Director of the Legal Department and Secretary of the Board of Directors**

- Appointment date: 14/06/2016.
- Date of birth: 24/04/1974.

Education & Accreditations:

- Master's degree in International Business Law, Western Sydney University 2005.
- Diploma in Legal Language - Westmead Institute - Sydney - Australia in 2003.
- Bachelor's degree in Law from the University of Jordan in (1996).

Practical Experience:

- Senior Legal Adviser - Arab National Bank - Kingdom of Saudi Arabia 2013-2016.
- Part-time legal advisor - The Specialized Leasing Company - 2008-2013.
- Lead Attorney - The Housing Bank for Trade and Finance - 2005-2013.
- The company's lawyer and legal advisor - Amman Resources Group - 1999-2003.

**14. Mr. Alaa Saber Ahmed Shobaki
Director of Credit and Debt Recovery Department (as of 02/02/2020)**

- Date of Appointment: 20/12/2017.
- Date of Birth: 05/12/1988.

Education & Accreditations:

- Bachelor's degree in Accounting from Philadelphia University in 2010.

Practical Experience:

- The Housing Bank for Trade and Finance – 2010 - 2017.

**15. Mr. Zahir “Mohamed Farouk” Theeb Mualla
Regional Director of Palestine Branches (starting from 01/21/2018 until 06/30/2020)**

- Date of appointment: 21/01/2018.
- Date of birth: 01/03/1978.

Education & Accreditations:

- Bachelor's degree in Business Administration / Marygrove College - United States of America 1999.

Practical Experience:

- Director of Individuals Assets Department - Vice President - Arab Bank - 2007-2018.
- Personal Financial Representative - Washington Mutual Bank - 2006-2007.
- Personal Banker - JP Morgan Chase – 2002-2006.
- Financial Advisor – UBS Bank – 2000-2002.

Membership in the boards of directors of companies as a representative of the Bank:

- Palestinian Banking Institute Middle East Payments Services (MEPS)/ Palestine as a representative of MEPS / Jordan

**16. Mr. Waheed Darwish Muhareb Haymour
Director of Credit Processing and Debt Recovery Department (starting 01/06/2017 until 31/01/2020)**

- Date of Appointment: 06/01/2017.
- Date of Birth: 03/08/1964.

Education & Accreditations:

- Bachelor's degree in Law from Al-Zaytoonah University in 2012.
- Two-year diploma in Banking and Financial Sciences from the Arab Community College 1988.

Practical Experience:

- Director of Settlements and Debt Recovery - The Housing Bank for Trade and Finance - 1989-2017.

Names of Board Members and Senior Executives who resigned during the year:

- Mr. Zahir “Muhammad Farouk” Theeb Mualla resigned as Regional Director of Palestine Branches on 06/30/2020.

*The branches of the Jordan Commercial Bank in Palestine were acquired by the National Bank as of 01/07/2020

(4) Name of Major Shareholders with Equity of 1% or More Compared to Previous Year and Final Beneficiary:

| SN | Shareholder's Name | Nationality | Beneficiary | No. of Shares | | | | Number of Pledged Shares | Percentage of Pledged Shares of Total Contribution | Pledging Agency | No. of Shares | | Number of Pledged Shares | Percentage of Pledged Shares of Total Contribution | Pledging Agency |
|----|----------------------------------|-------------|--|------------------|--------------|--|--|--------------------------|--|------------------------------------|------------------|--------------|--------------------------|--|------------------------------------|
| | | | | as on 31/12/2020 | Percentage % | | | | | | as on 31/12/2019 | Percentage % | | | |
| 1 | Al Saleh Investment Company Ltd. | Saudi | Reem Bint Nasser Mohammad Al-Saleh (25%) Norah Bint Nasser Mohammad Al-Saleh (25%) Maha Bint Nasser Mohammad Al-Saleh (25%) Sarah Bint Nasser Mohammad Al-Saleh (25%) | 31,800,000 | 26,50% | | | None | None | None | 31,800,000 | 26,50% | None | None | None |
| 2 | Social Security Corporation | Jordanian | Itself | 23,808,021 | 19,84% | | | None | None | None | 23,808,021 | 19,84% | None | None | None |
| 3 | First Jordan Investment Co. | Jordanian | A. Micheal Fayeq Ibrahim Sayegh (23.071%) B. Commercial Bank (9.968%) C. Nazi Tawfiq Nakhleh Copti (9.333%) D. Faris Micheal Fayeq Sayegh (9.333%) E. Faiq Michael Fayeq Sayegh (7.024%) F. Clara Abdel Nour Nayef Abdel Nour (5.19%) G. United for Real Estate Development (2.964%) H. Abdelnour Nayef Abdelnour (2.616%) I. Abeer Farid Eisa Agabi (2.309%) J. National Industries Company (2.000%) K. Social Security Corporation (1.9%) L. Al Saud Company Ltd. (1.534%) M. Faten Michel Fayek Al Sayegh (1.527%) N. Al Saud Investment Co. (1.494%) O. Fahad bin Abdullah bin Hassan Al Madyan (1.423%) | 14,715,172 | 12.26% | | | 1,199,998 | 8.15% | Arab Jordan Investment Bank (AJIB) | 14,741,872 | 12.31% | 1,199,998 | 8.14% | Arab Jordan Investment Bank (AJIB) |
| | | | | | | | | 1,250,000 | 8.49% | Bank al Etihad | | | 1,250,000 | 8.48% | Bank al Etihad |
| 4 | Micheal Fayeq Ibrahim Sayegh | Jordanian | Himself | 12,814,346 | 10,68% | | | 12,600,000 | 98.33% | Societe Generale Bank, Jordan | 12,838,796 | 10.70% | None | None | None |
| 5 | Faris Michael Fayeq Al Sayegh | Jordanian | Himself | 7,500,000 | 6.25% | | | None | None | None | 243,527 | 0.20% | None | None | None |
| 6 | Faten Michael Fayeq Sayegh | Jordanian | Himself | 7,490,000 | 6.24% | | | None | None | None | 492,861 | 0.41% | None | None | None |
| 7 | Faiq Michael Fayeq Sayegh | Jordanian | Himself | 7,459,149 | 6.22% | | | None | None | None | 83,999 | 0.07% | None | None | None |
| 8 | Nazi Tawfiq Nakhlih Copti | Jordanian | Herself | 7,400,068 | 6.17% | | | 4,400,000 | 59.46% | Societe Generale Bank, Jordan | 240,000 | 0.02% | None | None | None |

5) /A: The Bank's Competitive Position by Business Segment:

| Description | 2019 | 2020 |
|-------------------------|-------|-------|
| Market Share/Facilities | 2.70% | 2.76% |
| Market Share/Deposits | 2.37% | 2.54% |
| Market Share/Assets | 2.54% | 2.37% |

* For Jordan Branches Only

(5) /B: Jordan Commercial Bank's credit ratings issued by Capital Intelligence:

| | | | |
|---------------------------|----------|---|----------|
| Credit Rating | B+ | Foreign currency sovereign risk rating (short term) | B |
| Outlook for Credit rating | Negative | Foreign currency sovereign risk rating (long term) | B+ |
| Financial strength rating | BB- | The future state of foreign currency risk outlook | Negative |
| Support rating | Medium | Business environment risks | B+ |

(6): There is no dependence on specific suppliers or major domestic or external customers who constitute 10% or more of the total purchases and / or sales or revenues.

(7) / A: There is no governmental protection or privileges extended to Jordan Commercial Bank or any of its banking products according to laws and regulations.

(7) / B: There are no patents or franchise rights that Jordan Commercial Bank obtained from any local or international organizations.

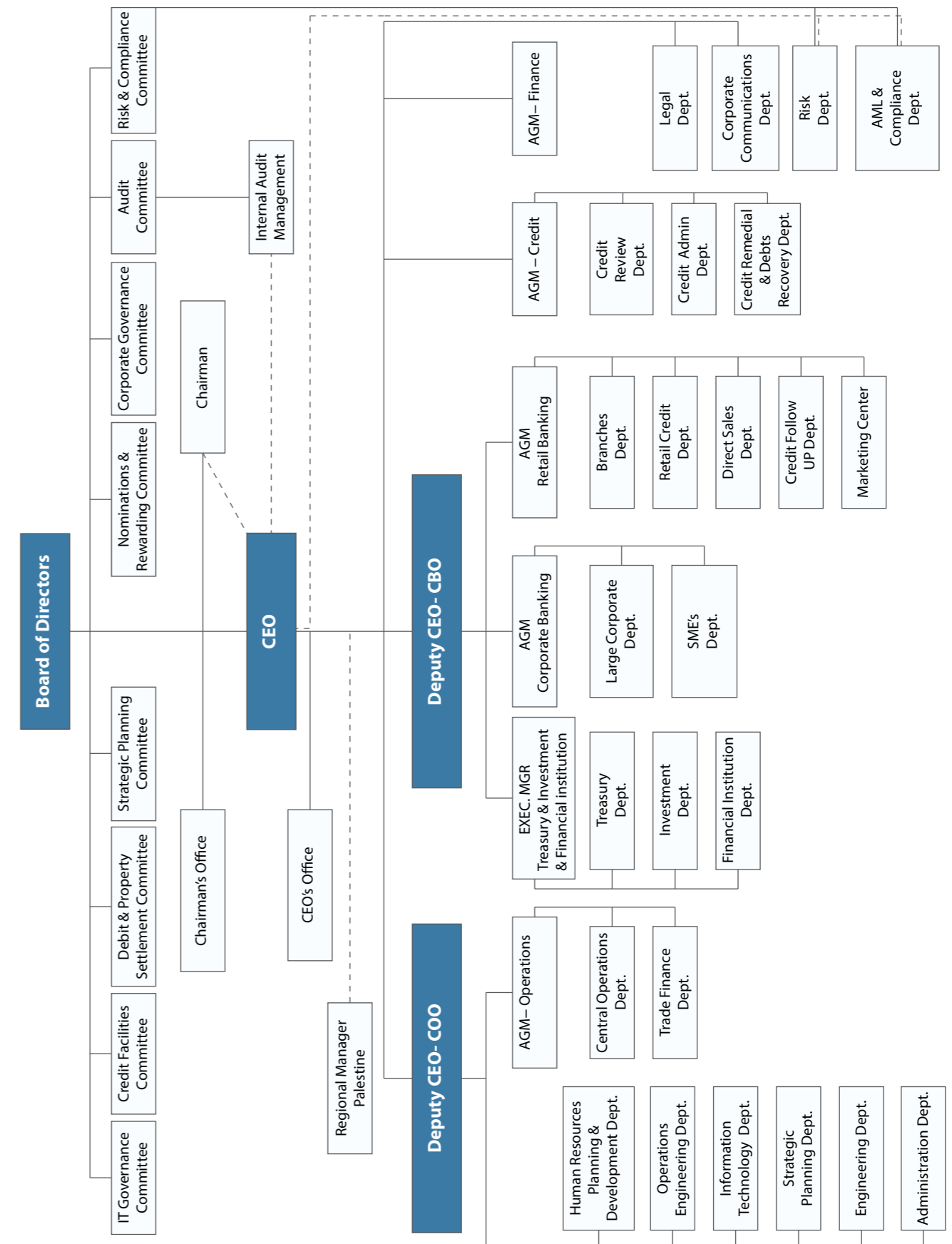
(8) / A: There are no decisions issued by the government, international organizations, or others that have a material impact on the bank's work, products, or competitiveness.

(8) / B: International Quality Standards

- In efforts to continuously enhance security and protection levels for the Bank's systems, during the year 2020, a set of processes, control and security solutions have been applied to comply with the requirements of cybersecurity and development of cyber-attack methods. These enhancements of security and protection on the system will ensure the reduction of cyber-attacks.
- Continuing to work on the requirements of COBIT and according to the instructions of the Central Bank in the field of Information Technology Governance to ensure the optimal use of information technology resources and effectively manage their risks.
- The PCI-DSS certification has been renewed, which increases the levels of protection on the card systems.
- Obtaining the ISO / IEC 27001: 2013 certification in the field of information security. This certification promotes the implementation of a comprehensive and effective set of information security controls which apply to processes, customers and the technology used in the Bank.
- The implementation of the GDPR law, issued by the European Union, and as per the instructions of the Central Bank. The GDPR represents a set of laws that revolve around customer privacy.
- According to the instruction of the Central Bank's SWIFT Customer Security Program, the security and oversight controls issued by SWIFT Company have been implemented. This program aims to provide a safe and efficient system from the threats of breaches that banks and financial institutions may be exposed to.
- During the year 2020, systems were evaluated and developed to prevent cyber-attacks that occur through suspicious e-mail and phishing attacks to prevent them from accessing the Bank's environment.
- The Intelligence System for Security has been linked to e-mail to report any suspicious security incidents. It has also been automatically linked to the Bank's firewall to block any suspicious sites.

(9): The organizational structure of the Bank, the number of employees, their qualifications, and the training programs attended by the employees:

A - The Bank's Organizational Chart: (High Res. In the PDF Attached)



(B) Number of Bank Employees & Their Qualifications

| Academic Qualifications | Number | | Number | | Total | % |
|------------------------------|------------|--------------|------------|--------------|------------|---------------|
| | Males | % | Females | % | | |
| PhD | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| Master's Degree | 19 | 2.70 | 50 | 7.11 | 69 | 9.82 |
| Higher Diploma | 2 | 0.28 | 1 | 0.14 | 3 | 0.43 |
| Bachelor's Degree | 290 | 41.25 | 177 | 25.18 | 467 | 66.43 |
| 2-Year Diploma | 27 | 3.84 | 35 | 4.98 | 62 | 8.82 |
| 1-Year Diploma | 0 | 0.00 | 11 | 1.56 | 11 | 1.56 |
| High School (Tawjihi) (Pass) | 12 | 1.71 | 9 | 1.28 | 21 | 2.99 |
| Below High School (Tawjihi) | 70 | 9.96 | 0 | 0.00 | 70 | 9.96 |
| Total | 420 | 59.74 | 283 | 40.26 | 703 | 100.00 |

C- Qualification and Training Programs for Bank Employees:

To increase the return on investment in human capital as the main pillar in business success and due to the importance of the training process, the focus was on electronic training activities during the period of the crisis. Training included all employees of all levels of employment and all training topics that keep pace with developments in the banking field, systems and instructions, in order to develop the employees and increase their practical skills, which was directly reflected in their performance.

During the year, the focus was on the courses held internally by the Training Center through electronic means. 60 training courses were held for 2074 male and female employees, as well as 11 training courses implemented remotely by the Institute for Banking Studies with the participation of (16) male and female employees. Below is a summary of the number of participants in the training courses and the number of courses offered by the bank for the year 2020 compared to 2019:

| Internal and External Courses From 01/01/2020 till 31/12/2020 | | | | | | | | |
|--|----------------|--------------|---------------------|----------------|-------|------|---------|------|
| | No. of Courses | | No. of Participants | | Males | | Females | |
| | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 |
| Institute of Banking Studies | 82 | 11 | 255 | 16 | 156 | 8 | 99 | 8 |
| Training institutes (courses, conferences, seminars) within Jordan | 105 | 88 | 226 | 407 | 149 | 243 | 77 | 164 |
| Internal training courses (Training & Development Center) | 104 Duplicate | 60 Duplicate | 2249 Duplicate | 2074 Duplicate | 1464 | 1245 | 785 | 829 |
| Training courses (outside Jordan) | 5 | 0 | 7 | 0 | 6 | 0 | 1 | 0 |
| Conferences & Seminars outside Jordan / Senior Management | 2 | 1 | 1 | 3 | 1 | 2 | - | 1 |

(10): Risks the Bank is Exposed To:

- **Credit Risk:** Credit risk is defined as the current and potential financial losses resulting from the inability of the borrower or the other party (Counterparty) to meet the bank loan terms in full and on the specified dates that affect the bank's revenues.
- **Market Risk:** The loss in value resulting from changes in market prices, such as changes in interest rates, foreign exchange rates and equity prices, and thus the change in the fair value of the cash flows of financial instruments on and off the balance sheet.
- **Liquidity Risk:** The losses that the bank may face due to the lack of the necessary financing to increase its investments or to pay its obligations when they are due with the appropriate time and cost. It is considered part of the ALM's asset and liability management.
- **Operational Risk:** The risk of loss resulting from failure or inadequate internal processes, people, or systems, or resulting from an external source (event).
- **Compliance Risk:** The risk of legal or regulatory penalties, material losses, or reputational risks arising from the bank's non-compliance and violation of applicable laws, legislations, instructions, professional and ethical banking charters and regulations issued by local and international regulatory authorities, including the bank's internal policies and procedures, and rules of sound banking behavior, standards and practices.
- **Information Security Risks:** Information security risks are defined as losses or negative impacts that the bank may be exposed to as a result of internal or external attacks that threaten its information, whether electronic or on paper.

(11): The Bank's achievements in numbers, and a description of the important events that occurred during the year:

Business Sectors:

Corporate:

The Corporate sector actively contributes to achieving JCB's revenues and profits. The Bank prioritized this sector and is keen to provide the services and products it needs. The Corporate sector with all its components (large companies, SMEs and micro-companies) is the main driver of the economy and contributes to the largest portion of the GDP and employs a large number of manpower. Although the Corporate sector comes in second place in terms of depositors in the banking sector (after individuals), it is considered the main sector in terms of acquiring financial loans. The Corporate sector's percentage of loans increased by 50% locally (during 2020) and by 60% for Jordan Commercial Bank.

From the beginning of the year 2020, the Bank, the banking sector, the Kingdom and the world faced new challenges and difficulties that have never been witnessed before, a global pandemic. Due to the COVID-19 pandemic most countries instilled precautionary and preventive measures, closures and full country lockdowns in order to reduce the spread of the virus. The pandemic, and these measures have affected all walks of life, from an economic, financial aspect to basic living conditions. This prompted the Central Bank of Jordan and the government to take drastic measures aimed at limiting the impact and repercussions of the spread of the pandemic, on individuals as a priority (especially for those most affected by the restrictions) and companies as well. These include delaying installments for customer loans, lowering interest rates, and adjustments related to staff time and imposing the necessary measures to maintain their safety and the safety of those dealing with the bank. Ensuring the continuity of work, and all these measures, have affected the bank's results and activities, and that of the banking sector in general.

Nevertheless, during the year 2020 the Corporate sector successfully achieved a number of its targets namely:

- Achieving cumulative growth in the credit portfolio and according to the targeted percentages of the bank.
- Attracting the leading companies in the market in several vital sectors.
- As a result of the Corona pandemic, installments were rearranged during the year 2020 to meet the requirements and conditions of this period, and facilities were granted within a bonded commercial product.
- Keeping up with and following up on the requirements of the new accounting standard (IFRS9) first-hand and completing the entry of all stages of the financial statements into the S&P financial analysis system, which contributed to achieving an improvement in the level of accounts classification for all stages of the classification.

Retail:

The Retail sector has a fundamental role in increasing the Bank's customer base, reducing credit risk and increasing profits by attracting individual customer deposits / low-cost savings accounts, and employing them in the form of various customized credit products such as personal, real estate loans, vehicles and credit cards, which target different sectors and large segments of society.

Retail is also considered one of the most flexible sectors in meeting the needs of customers by providing new and innovative banking products, in addition to the continuous pursuit of digital transformation through development and modernization of electronic services provided to customers that keep pace with the technological development taking place in the banking market, locally and globally.

Despite the challenges and difficulties that faced the whole world during the year 2020 with the spread of the Corona pandemic, and the precautionary and preventive measures taken by the government, including closures of many sectors, imposing restrictions, and reducing the number of employees to reduce the impact of the pandemic, the consumer department was able to remain in constant contact with customers through social media and customer service centers that worked around the clock, seven days a week, even during periods of lockdown, to answer their inquiries and serve them in these exceptional circumstances.

In addition, the Retail was able to move forward in the implementation of the bank's strategy towards the expansion and thoughtful spread of our branch network, as a new branch of Tejari Express was opened, which has a lower cost of establishment and operation than traditional branches and flexible working times, making the number of Jordan Commercial Bank branches to 32 branches spread in most regions of the Kingdom.

In order to reduce operational costs and improve the customer's experience, two branches were merged in each of the capital Amman and Irbid governorate, and customers' accounts were transferred to other modern branches that met all their banking needs. In addition, new external ATMs were installed in several regions, bringing the total to 34 ATMs.

By the end of 2020, the Retail was able to achieve a growth in the deposit portfolio of 68 million Jordanian dinars, a growth rate of 13%, and a growth in the savings account portfolio of 42.5 million Jordanian dinars, a growth rate of 25.3%, and attracted more than 3 thousand new customers to the bank. In addition, the culture of digital transformation and the provision of many banking services electronically contributed to a significant increase in the number of Tejari mobile application users, with a growth rate of 43.5% over the year 2019.

Among the main achievements of the Retail sector during the year 2020 are as follows:

Digital Services:

- Installing new external ATMs in Al-Hashmi Al-Shamali, Ayyas Hotel / Al-Kilo Roundabout, Ain Al-Basha, Al-Hikma Hospital / Zarqa, and Arifa Mall / Tabarbour.
- Opening an Express branch in Abu Al-Sous area.
- The launch of the innovative Tejari Pay mobile payment service, which provided customers with the ability to pay via smart mobile phones in a fast and secure manner.
- The launch of the Easy Payment Plan service for credit cards.
- Closing down each of the Abdali branch and merging it with the Jabal Al-Hussein branch, closing the Irbid office and merging it with the Irbid branch.

Branches Support Center:

6 branches in the capital, Amman, and 8 branches in the governorates were equipped to provide banking services to customers that are physical challenged in terms of facilitating the possibility of entering and exiting the branch safely by allocating special lanes that are wheelchair accessible. The Dahyet Al-Yasmeen branch has also been designated to provide safety deposit boxes for this segment of customers.

Retail Credit:

The Loan Origination System automation project has been launched, which aims to reduce paperwork and the ability to track the workflow of transactions electronically, which will have a positive impact in reducing the time spent on studying and implementing loans and improving the customer experience.

Product Development:

The car loan product was developed so that the Reducing Rate was applied instead of a Flat Rate in order to enable customers to defer their installments when needed.

JAH VIP Center:

The JAH World MasterCard credit card was launched for VIP customers with exclusive benefits that allow its holders access to more than 900 airport lounges in more than 135 countries around the world, and unlimited 1% cashback on all purchases, locally and internationally, in addition to continuous discounts and offers on travel, accommodations and purchases at the most prestigious hotels and restaurants. The card is a unique addition to the package of benefits, products and services that JAH customers enjoy.

Marketing Department

In promoting its products and services, the bank was keen on continuity and diversification during the year 2020; despite the difficult epidemiological conditions of Coronavirus and its consequences, it launched several promotional campaigns, the most important of which are:

- Tejari Tawfeeri Savings campaign and a celebration of winners of major cash prizes.
- AutoSave and balance matching, Discounts, installments and cashback campaigns with credit cards.
- Housing and personal loans deferment campaigns and reduced interest rates on personal and housing loans.
- The launch of the "Tejari Pay" mobile payment application campaign.
- Launching "Tejari Sanadi» campaign to finance SME businesses during Covid-19 pandemic.

The Bank has also been keen on effective communication with its customers and fans on its social media pages (Facebook / Instagram) by launching many awareness, entertainment and interactive campaigns, the most important of which are:

- Helpful and practical financial advices to educate customers on the importance of savings and financial independence.
- Interactive competitions and quizzes during the holy month of Ramadan.
- Awareness campaigns on World Cancer Day (Up to The Challenge), International Women's Day, Mother's Day, Pink October, Movember.

Treasury and Investment:

The Treasury Sector monitors the conditions of the financial and banking markets (locally and internationally) mainly interest rates and liquidity ratios, taking appropriate measures to ensure the preservation of the bank's financial robustness and solvency indicators, within acceptable limits and in accordance with the requirements of the regulatory authorities. Also, achieving revenues for the bank through dealing and trading in currencies / foreign exchange, and investment activity in the monetary and financial markets, to diversifies the sources of income for the bank and reduces risks. In addition, the sector follows up on dealings and strengthening relationships with international financial institutions, in a manner that ensures functional banking services to all stack holders.

In light of the global and economic challenges resulting from the outbreak of the Corona pandemic from low interest rates, sharp fluctuations in global markets, and low activity in many economic and vital sectors, the Treasury, through its team, was able to follow a prudent investment policy consistent with the vision of the Asset and Liability Management Committee, and the Bank's strategy, which aims to manage the Bank's assets in a way that achieves a balance between costs, returns and risks, taking into account the rapid changes occurring in the global and local financial markets. Treasury has provided a range of services to the bank's clients, including individuals and companies, to meet their various financial requirements from the foreign currency dealings, money market, capital market, and financial derivatives needed to hedge interest rate and currency fluctuations.

Treasury was also able (in light of the continuing global and local challenges) to effectively manage the bank's liquidity and financing needs, in addition to carrying out its responsibility towards managing interest rates and foreign currency risks to maintain the level of risk within acceptable and approved limits despite the instability that interest rates witnessed in the year 2020, and the accelerated declines that followed, to curb the impact of the Corona pandemic locally and globally, and to stimulate the economy in particular. With this the sector constantly strived to provide new, distinguished and varied services within its strategy to meet the various needs of the bank's customers, and with the fastest means available technologically.

Treasury Department:

- Utilizing funds in the financial market and fixed income funds issued by the Central Bank of Jordan in a way that enhances the Bank's revenues while maintaining comfortable liquidity ratios.
- Trading and dealing in foreign currencies to diversify sources of income and increase the Bank's revenues from them.
- Improving the A/D Ratio to enhance profit margin by achieving growth in low-risk government bonds.
- Improving the operating profit margin of the Bank NIM through optimizing assets and reducing the cost of liabilities.
- Automating the yield calculation and revaluation for bonds.
- Follow-up on developments in the local and international markets, to ensure prompt response to changes.

Investment Department:

- Automating the Bank's investment portfolios including the revaluation process.
- Achieving rates of return on investment that exceeds local and international indicators.

Support Services:

Human Resources Development Department:

The human element is one of the most important resources that the bank seeks to maintain, develop, and support continuously. Human resources are a basic pillar and an important axis of the banking process; accordingly, the Bank supports and appreciates distinguished employees, and provides its staff with the best banking expertise by following effective policies in the process of recruitment, selection and incentive plans. In line with its strategy with regards to human resources, Jordan Commercial Bank aims to be the preferred entity for employment in the banking sector. The Bank also focuses on the principle of justice and equal opportunities in new hires, promotions, and job replacement. The Bank focuses on the importance of training and developing their staff, even with the imposing bans, lockdowns and social distance restrictions that came about due to the pandemic, the Bank continued the training process remotely, and held many courses online.

In addition, the Human Resources Department had an important and pivotal role during the spread of the Corona pandemic, and it dealt with this challenge efficiently, which helped the bank to continue working and provide services to clients without interruption, disruption or delay. The measures taken by the Human Resources Department helped in reducing the spread of the virus among employees, their families, and bank customers.

Among the most prominent achievements of the Human Resources Department during the year 2020 are the following:

- Raising the level of individual growth of employees through support, training and continuous development through:
 - Developing and continuing the training process in light of the Corona pandemic.
 - Implementing e-training on the Microsoft Teams system.
 - Creating and automating a number of examinations.
- Enhancing benefits for existing and new employees, in line with the Bank's strategy as the «preferred bank for employment».
- Promote a healthy lifestyle among the employees, as the «Up to the Challenge» campaign was organized with the participation of all employees, and the winners were awarded.
- Automating employee files and transactions with the aim of adopting unified systems.
- Raising health awareness among employees regarding the Corona pandemic through repeated educational circulars detailing preventive and precautionary measures and monitoring compliance with them. Directing employees and educating them about the mechanism of dealing with alerts on the Aman App, and following up with cases of infection and recovery from Corona virus among employees and their families and following up with cases of contact with the injured and the emergence of any symptoms.
- Implementing and organizing the mechanism of working remotely and granting access to a number of employees to work remotely.
- Focusing on training activities in general, and training within the Bank's training center in particular, the percentage of participants in training courses within the bank's training center was 83% in 2020.

The following is a summary of the numbers of participants and training courses in the 2020 as well as the organization that held the courses:

| Training Provider | Face to Face | | Online | | Total No. of Participants | |
|--|----------------|--------------------------------|----------------|--------------------------------|---------------------------|--------------------------------|
| | No. of Courses | No. of Participants (Repeated) | No. of Courses | No. of Participants (Repeated) | No. of Courses | No. of Participants (Repeated) |
| Internal Training and Development Center for Commercial Bank | 18 | 635 | 42 | 1439 | 60 | 2074 |
| Institute of Banking Studies | 7 | 11 | 4 | 5 | 11 | 16 |
| Training institutes inside Jordan | 15 | 34 | 59 | 353 | 74 | 387 |
| Professional certifications inside Jordan | 3 | 5 | 10 | 13 | 13 | 2 |
| Conferences and seminars inside Jordan | 1 | 2 | - | - | 1 | 2 |
| Conferences and seminars outside Jordan | 1 | 3 | - | - | 1 | 3 |
| Total | 45 | 690 | 115 | 1810 | 160 | 2500 |

Engineering:

The engineering department plays an essential role in the bank by providing services and logistical support to the bank's employees, administration departments, and branches, in order to provide a suitable work environment, as well as reflect a positive and modern mental image of the bank's buildings and branches.

Among the most prominent achievements of the Engineering Department during the year 2020 are the following:

- Execute projects for a number of branches that have been opened or relocated (Express Abu Al Sous Branch, Jabal Al Hussein Branch, Gardens Branch).
- Commissioned the electric power generation project in the Abu Alanda region, and utilized the generated electricity to power the head office building.
- Prepared ATM sites: (Ayas Hotel, Amman Gate, and Total Al Hashemi).
- Operated and activated the automatic evacuation system in the head office building by modifying the fire alarm system, linking it with the sound system in the building, and issuing instructions to control the process.
- Isolating the floors in the public administration building to reduce employee interaction and avoid the transmission of the Corona virus, as well as working on preparing many sites such as the training center, and many branches where employees have been transferred from head office departments to work at alternative sites, to ensure continuity of work in light of the Corona pandemic (and in case there were any positive cases detected at one of the work sites).
- Securing corridors for people with special needs in some branches of the bank (as per the instructions of the Central Bank of Jordan).
- Finalizing the requirements for equipping the new bank's warehouse in the Abu Alanda area as identified by the concerned departments.
- Closure of replacement of branches (Al-Abdali, Irbid office, Jabal Al-Hussein, Gardens), in cooperation with the relevant departments.

Administrative Department:

The Administrative Department provides all support services related to administrative affairs to the various workstations in the bank and its employees.

The department also works to follow up, rationalize and control the expenses of the bank, which contributes to enhancing the bank's profitability.

Among the most prominent tasks that the department has achieved during the year 2020 are the following:

- Continuing to communicate directly with employees, with the aim of providing the services and supplies they need.
- Searching for the best offers and negotiating with owners and suppliers, in a manner that does not jeopardize the level of services and benefits provided, and the negotiations conducted by the department with the owners and suppliers (to take into account the period of disruption that occurred to the departments and branches of the bank during the imposition of the ban and closure by the government to limit the spread of Corona in the second quarter of the year 2020), and these negotiations have effectively reduced a number of expenditures.
- Providing support and participation in supervising the relocation and housing of new branches during the year 2020, in addition to evacuating the branches that have been closed.
- Meet the needs of the employees of the branches / head office, Central Operations / Training Center, with all public safety requirements during the (Corona pandemic) of sterilizers / masks / gloves, in addition to the continuous sterilization of work sites through a specialized company with the aim of providing a safe work environment, in order to preserve the safety of the bank employees and clients.
- Activating the contingency plan during the period of the comprehensive curfew (which are exceptional circumstances) by keeping shifts 24 hours a day, to preserve the bank's properties and speed up handling of any problems.

Operation's Engineering Department:

The process of re-engineering operations (which is considered one of the core business of the bank) is done by studying all banking operations in the bank and redesigning them within a systematic operational framework in line with best practices, ensuring an increase in the speed and quality of service delivery, and achieving significant savings in operational costs, in addition to meet the requirements of the regulatory authority in all fields, and among the most prominent things that the Operation's Engineering Department has done during the year 2020 are the following:

- Preparing, documenting and / or updating work policies and procedures manuals for several jobs and workstations in the bank.
- Issuing instructions, circulars, and models related to the bank's products and business units and preparing memoranda of understanding and service level agreements.
- Documentation of workflow for several processes and procedures for different workstations.

- Amending the job descriptions of several departments and workstations.
- Preparing training requirements cards for several bank departments.
- Modifying the organizational structure of several branches and workstations.
- Study the enumeration sufficiency of the head of the teller position at the branches and merge it within the customer relationship officer.
- Managing the process of examining and implementing systems and projects related to automation work.

Information Technology Department:

The Information Technology Department continued its efforts to develop and raise the efficiency of its various services, by providing support and assistance to business sectors and providing innovative technical solutions at all levels (devices, servers, systems and networks), taking into account the highest levels of security and protection to support and succeed the goals and aspirations of the bank, where:

- Starting the implementation of the infrastructure modernization project, including servers, operating systems, communication systems and equipment, to ensure the service continuity to the fullest without interruption while developing and improving the level and speed of performance.
- Developing and updating the main banking system for the latest version and activating a group of subsystems with the aim of improving and providing new services and solutions.
- Launching a project to modernize security systems and firewalls to raise their efficiency and provide a safe environment for all the bank's systems.
- Completing the modernization and development of automatic teller machines, which led to an increase in the volume of banking transactions that took place through ATMs.
- Update electronic channels such as the Tejari mobile application to ensure compatibility with the projects proposed by the regulatory authorities.

In the context of enhancing the levels of security and protection for the bank's systems, the bank continued during the year 2020 to apply a set of processes, controls and security solutions to make them compatible with the requirements of cybersecurity, which will have the effect of enhancing the security and protection system and reducing cyber risks in light of the development of methods of cyber-attacks; furthermore, work on the COBIT project continued to bring it in line with the requirements of the Central Bank of Jordan in the field of information technology governance and to ensure the optimal use of information technology resources and effectively manage their risks, and the PCI-DSS certificate of compliance with international card security and safety standards has also been renewed.

Strategic Planning Department:

The process of exploring the market to capitalize on the available opportunities, is among the most important things that help the bank to implement its strategic plan, achieve its goals, and compete in the banking sector.

The Strategic Planning Department achieves this by preparing studies covering market, feasibility, and sectors. It also, in cooperation with the relevant departments and committees, studies and identifies investment opportunities in the market, and takes appropriate decisions regarding them.

The Strategic Planning Department, with the direction and support of senior management, executive management, and in cooperation with the concerned departments, contribute to the preparation of the bank's strategic plan within a participatory process. It also works on updating and amending the strategy as necessary. The department also monitors what has been accomplished of the plan (periodically), the business departments in the bank convert the strategic plans into operational work plans and estimated budgets so that it is easy to implement and follow up.

The Strategic Planning Department follows up on what has been accomplished of the plan throughout all bank departments and indicates the rates of achievement. It follows up on any reason that prevented the department from reaching its goals, determining their operational plans and determining the expected date of completion for these goals, while providing the relevant management with periodic reports.

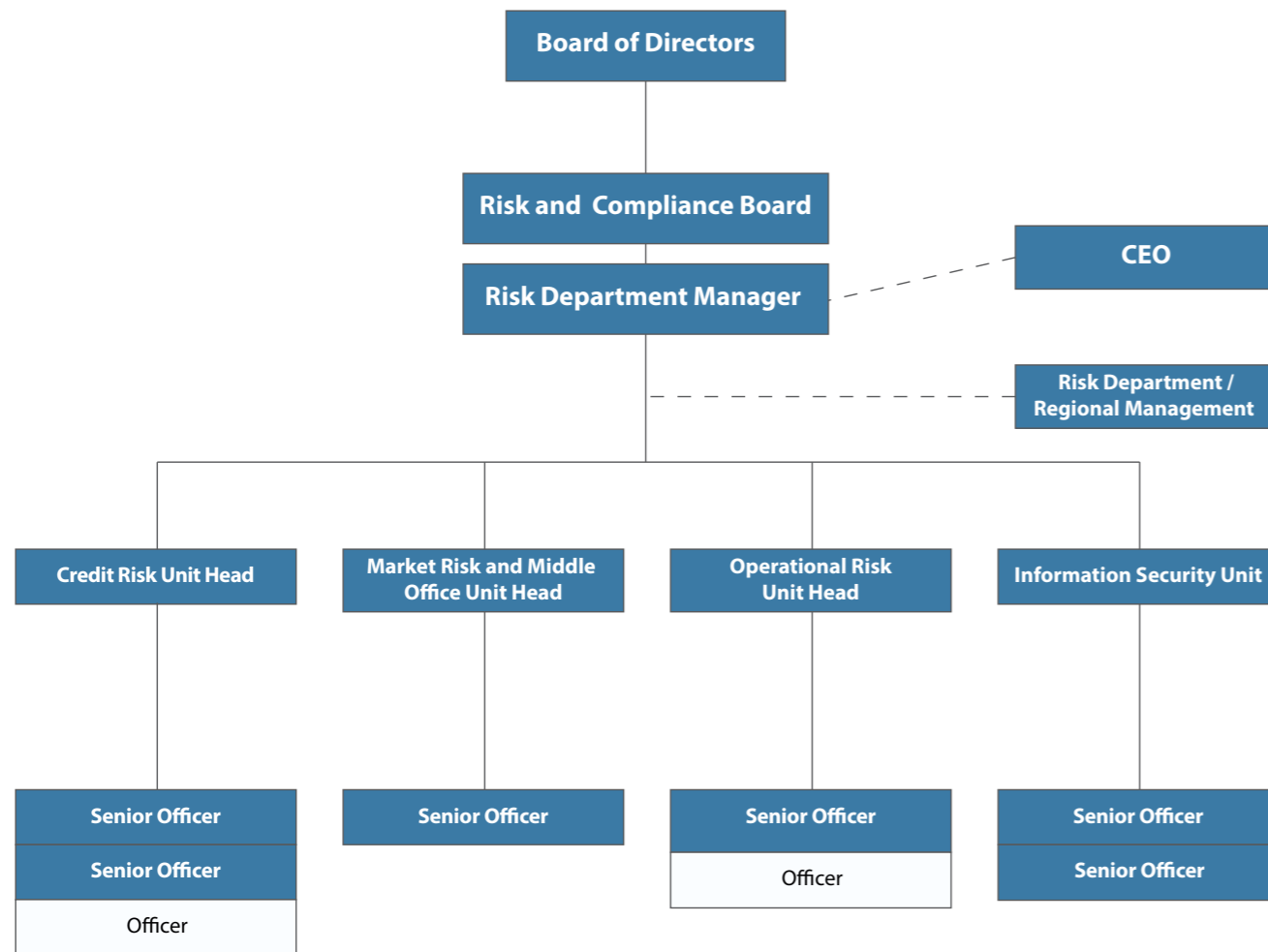
Control Sector:

Risk Department:

During the year 2020, the Risk Department carried out the following actions as part of the bank's strategy, which focuses on identifying and managing risks:

- Applying the IFRS 9 requirements according to the instructions issued by the Central Bank of Jordan and calculating its impact on the Bank's position.
- Obtaining the ISO 27001 certificate in the field of information security.
- Participating in the implementation of COBIT 5 with regards to risk management and information security management process.
- Implementing and activating security and supervisory controls to reduce technology-related risks in line with the Bank's overall strategy.
- Overseeing the implementation of the requirements of the General Data Protection Regulation (GDPR).
- Supervising the implementation of instructions for adapting to cyber risks issued by the Central Bank of Jordan.
- Supervising the application of ATM instructions issued by the Central Bank of Jordan.
- Supervising the implementation of the Customer Security Program (CSP) instructions issued by SWIFT and the Central Bank
- Continuing training on the risk culture at all levels of the Bank for all types of risks, as well as providing training on business continuity plans and information security.
- Implementing the Central Bank's instructions regarding large exposures and credit limits related to the Treasury and Investment Department and financial institutions.
- Implementing a risk policy for settling foreign currency buying and selling and preparing the relevant report.
- Reviewing all possible risks, the Bank might face.
- Evaluating the operational risks that various departments and branches of the bank might face and ensuring the ability and effectiveness of controlling those risks.
- Applying and developing stress testing through the application of scenarios imposed by the Central Bank of Jordan in addition to other bank-specific scenarios that were developed by the Risk Department and in cooperation with the relevant departments in the bank.
- Preparing a study on the Bank's financial indicators in comparison with the results of other Jordanian banks and the bank's counterparts in the sector, as well as monitoring the bank's performance against those indicators.
- Preparing a study for the expected financial historical burdens that affected the Bank in the last 3 years.
- Internal evaluation of the bank's capital adequacy assessment process (ICAAP) by calculating the capital needed to meet all risks to which the Bank is exposed.
- Conducting studies on easy payment plan clients and determining the extent of their default.
- Developing and updating the levels of acceptable risk (Risk Appetite) in the Bank, preparing the system of reports appropriate for these levels, and continuing to monitor them periodically in order to indicate the deviation that occurs and the extent of its impact on the calculation of capital charges.
- Calculating the effect of applying the liquidity coverage ratio according to the requirements of Basel (3).
- Examining the liquidity contingency plan by assuming specific scenarios in coordination with the concerned parties at the bank.
- Executing a comprehensive examination of the Business Continuity plan and any other relevant plans.
- Assessing risks related to information security and cyber risks at the Bank's level.
- Conducting penetration tests for all systems, peripheral devices and the network to detect weaknesses in them and assess the risks and the extent of systems immunity against external or internal attacks.

Risk Department's Organizational Structure:



Compliance Department:

The Compliance Department plays an important and essential role in monitoring and following up with the Bank's compliance standards in order to avoid exposure to non-compliance risks in its dealings and to avoid exposure to violations by the supervisory authorities through:

- Periodic disclosures: The department follows up on the relevant parties within the bank to ensure requirements of the supervisory authorities are met within a sufficient period of time and adheres to the disclosures. The department seeks to enhance the accuracy of the data issued by the bank to the supervisory authorities.
- Customer Complaints: Implementing the instructions for dealing with customers fairly and transparently and handling customers' complaints. It is important to deal with customer complaints and the information received from them, because this mechanism provides information about the points that customers care about and causes their dissatisfaction, which means that it is a source of feedback to improve the service provided to customers. The Bank is setting up procedures to limit its recurrence in the future. The complaints handling system has been defined as "the Bank's response to any failure in the process of providing services to customers". The Bank has a customer complaints management and handling unit, which is administratively attached to the Compliance Control and Anti-Money Laundering Department and receives customer complaints through various means of communication. The Compliance Department works to address them, enhance customer confidence and satisfaction, classify complaints, conduct various quantitative and analytical studies, verify causes of complaints in cases that's required, and submits periodic reports to the Board of Directors and the Central Bank of Jordan.

- The total number of complaints received by the bank reached (187) complaints during the year 2020, and complaints were concentrated in the central region branches, and the most prominent issues of complaints related to workflow procedures and some technical errors and other complaints related to customers' lack of awareness of the services, or the invalidity of the customer's request. The department is responsible for monitoring compliance and combating money laundering / management unit and handling customer complaints by following up on complaints issues, communicating with customers, ensuring their satisfaction and clarifying any confusion, while recommending appropriate corrective actions. There are many ways of communicating with customers, but calling the bank directly is the most common method used by the customers, followed by communication through Bank's website.
- Compliance with FATCA: The plan developed in accordance with the registration policy at the US Tax Authority website was implemented, and a specialized department was established, meetings were held, the relevant parties followed up, and the reporting procedures were carried out.
- Developing the compliance function in the bank: In this regard, the department reviewed and approved the compliance control policy and the anti-money laundering and terrorist financing policy. Work was carried out on the GOAML reporting system, where during the year 2020 the bank adopted an integrated system aimed at enhancing compliance monitoring and combating money laundering and terrorist financing operations.
- Corporate Governance: The requirements of the Corporate Governance Instructions issued by the Central Bank of Jordan have been identified and with the Bank's Governance Manual. A study of the most important requirements has been made and compared with the Bank's practices. An action plan for implementation has been developed and policies, work guides and charters for the committees emanating from the Board have been reviewed and approved. The Bank has also met the requirements of the information technology governance instructions and their application within the framework of COBIT 2019, and the instructions for the Corporate Governance Regulations for listed Shareholding companies issued by the Jordan Securities Commission.
- Human Resources Development: The department was provided with experienced and specialized employees trained in accordance with the highest international standards, and a number of them obtained multiple professional certificates, enabling the department to address the challenges and risks associated with the bank's various operations as part of a leading compliance culture with the best banking practices.

Audit Department

The Audit Department seeks to improve the supervisory environment for the departments and branches of the Jordan Commercial Bank, and for its programs and all activities to be of an added value that helps in achieving the objectives of the bank, by providing independent assurance and advisory services to evaluate and improve the effectiveness of governance, risk management and control processes. The audit committee emanating from the board of directors supervises the internal audit activity and defines its responsibilities and tasks with the relevant authorities as it is a major part of its duties, while the Audit General manages the internal audit activity and supervises its work, and among the most prominent things done by the internal audit department for the year 2020:

- Upgrading the staff level through support, training and continuous development, and developing the work environment.
- Reviewing and evaluating the mechanism used in calculating expected credit losses in the bank in accordance with the International Financial Reporting Standard (IFRS 9) to ensure the integrity of the calculations and the accuracy of the results.
- Verify that the various departments perform the tasks assigned to them in order to enhance the internal control systems and the risk management and governance processes.
- Automate audits and follow up notes with the concerned departments.
- Reviewing and updating the audit manual in line with the best international standards, supervisory authorities' instructions, and laws.

Corporate Communications Department:

The banking sector plays an active and important role in community service and development by providing support, contributing to many initiatives and social and charitable services, and sponsoring economic and community activities and events (sports, technical, charitable and others), in addition to supporting societal efforts in combating poverty and reducing unemployment rates, preservation of the environment and others. Jordan Commercial Bank is an integral part of society, and an important element of the banking sector and it has assumed its societal responsibility and participation in this role through:

- Adopting social initiatives such as (food packages) during the holy month of Ramadan and distributing them to the less fortunate regions of Jordan.
- Continuing (despite the Corona pandemic and the accompanying measures) to provide material and donations to help the local community bear the burdens of the pandemic, and a donation has been made to the government sector and the local community with material and assistance, as well as distributing masks to some of the poorer schools in different regions of the Kingdom.
- Supporting cooperative and charitable societies working to care for children, women and families, as well as supporting a number of national institutions and websites, including:
 - Donating to the Ministry of Health through a commercial mobile application during the Corona pandemic.
 - Supporting the Arab Medical Relief Society.
 - Supporting the Jordan Medical Aid Society for Palestinians to cover the operational costs of a children's health center in the Gaza camp in Jerash.
 - Supporting the project of training courses to rehabilitate and empower people with special needs, which was launched by the Jordanian-Iraqi Brotherhood.
- Participation in many different community initiatives and events, including:
 - Donation to Hemmat Watan Fund by the bank, its employees and members of the board of directors.
 - Launching an awareness campaign on World Cancer Day (May Challenge).
 - Publishing awareness videos on International Women's Day, Mother's Day and Earth Hour.
 - Sponsoring the Winter Bazaar and sponsoring the «Never Forget» Festival.
 - Sponsoring the Canadian International School Junior Football League.
 - Launching the breast cancer awareness campaign in October 10, and the men's health awareness campaign on November 11th.
 - The Green Caravan campaign, where the bank donated 200 trees to be planted in the Al-Faiha area in Madaba.
 - Sponsoring the Basketball League to support children with mental challenges and raise awareness of Down Syndrome.

Jordan Commercial Bank also seeks to maintain continuous contact with official and private media organizations and social networking sites, to highlight the bank's role in various fields.

(12): The Bank branches in Palestine were acquired by the National Bank of Palestine as of 30/6/2020. NBP acquired most of the assets and liabilities in return for Jordan Commercial Bank obtaining 15% of the shares after the increase. The acquisition resulted in a loss of 2.4 million dinars which is of a non-recurring nature.

(13): Chronological order of realized profits (losses), dividends, shareholders' net equity, and share price for the years 2020 - 2016 (JD):

| Description | 2020 | 2019 | 2018 | 2017 | 2016 |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|
| Net profit | 513,503 | 5,313,066 | 5,029,366 | 3,788,813 | 9,325,406 |
| Shareholders' net equity | 139,466,787 | 139,198,774 | 134,043,930 | 149,540,599 | 145,814,791 |
| Cash dividends (proposed) | - | - | - | - | - |
| Dividend payout ratio (proposed) | - | - | - | - | - |
| Bonus issue (proposed) | - | - | - | - | 7,125,000 |
| Bonus issue ratio (proposed) | - | - | - | - | 6.3% |
| Closing price/share | 0.69 | 0.79 | 0.85 | 1.19 | 1.40 |

- Shareholders shall be given priority to subscribe to new shares in an IPO

(14): Financial Position and Operating Results:

| Summary of Key Financial Indicators: | Rounded to nearest million (JD) | | | | |
|---|---------------------------------|---------|---------|---------|---------|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Main Items of the Income Statement | | | | | |
| Net interest income | 33.5 | 31.0 | 29.6 | 36.4 | 38.6 |
| Net interest and commission income | 37.8 | 36.8 | 34.8 | 41.4 | 43.4 |
| Gross income | 42.7 | 42.5 | 40.8 | 48.2 | 49.6 |
| Net income before tax | 6.7 | 12.8 | 7.2 | 6.3 | 12.0 |
| Net income after tax | 0.5 | 5.3 | 5.0 | 3.8 | 9.3 |
| Earnings (Loss) per share/JD | 0.004 | 0.044 | 0.042 | 0.032 | 0.082 |
| Main Items of the Balance Sheet | | | | | |
| Total assets | 1,352.0 | 1,386.6 | 1,353.6 | 1,382.3 | 1,265.3 |
| Shareholders' equity | 139.5 | 139.2 | 134.0 | 149.5 | 145.8 |
| Credit portfolio, Net | 713.9 | 669.0 | 727.9 | 718.0 | 634.0 |
| Securities portfolio | 312.9 | 289.7 | 316.7 | 344.6 | 341.0 |
| Cash and Bank Balances | 176.2 | 107.9 | 153.9 | 180.0 | 161.7 |
| Customer deposits | 935.7 | 836.7 | 893.2 | 971.3 | 957.3 |
| Cash margins | 41.8 | 56.6 | 84.4 | 91.8 | 69.9 |
| Banks' deposits | 102.7 | 87.4 | 117.3 | 121.4 | 51.8 |
| Key Financial Ratios: | | | | | |
| Return on assets ratio | 0.04% | 0.4% | 0.4% | 0.3% | 0.7% |
| Return on equity ratio | 0.4% | 3.9% | 3.5% | 2.6% | 6.6% |
| Capital adequacy | 11.4% | 11.2% | 11.5% | 13.7% | 15.3% |
| Net credit portfolio / customers' deposits | 76.3% | 80.0% | 81.5% | 73.9% | 66.2% |
| Net non-performing loans (not covered by provisions) / Net credit portfolio | 1.6% | 3.4% | 2.6% | 2.5% | 2.9% |
| Coverage ratio for non-performing loans | 83.7% | 68.0% | 75.8% | 63.2% | 54.8% |
| Statutory liquidity ratio | 117.7% | 108.5% | 104.6% | 119.8% | 119.7% |

(15): Important future developments and strategic plan:

Overall Strategic Objectives (2021)

Preparing the Commercial Bank to become a «bank suitable for growth». To ensure that the Bank is in a good financial and operational position by maintaining high-quality deposits and facilities and achieving growth in operating profits to the levels achieved in 2019; as well as being in a strong competitive position in attracting deposits and providing quality facilities to new customers.

The Main Pillars of the Strategy:

In order to reach the achievement of the general strategy of the Bank, the following areas were focused on:

- **Financial:**
 - Building a strong financial position, achieving continuous growth in operating profits, and achieving a competitive position, especially in the retail sector.
 - Increasing the Bank's market share and improving its competitive position in various key performance indicators, especially in profitability and growth "within the peer group category" and within the "banking sector" in general.
 - Diversifying sources of income, focusing on non-interest revenues (in addition to the main activities of the bank), and working on controlling expenditures that fall within the control of business centers.
- **Banking Services:**
 - To be a bank of excellence in providing services to all groups, with a focus on providing banking services to targeted groups of customers, with competitive and appropriate features for these categories.
 - Targeting areas that need banking services, as they are not serviced or not adequately served, and providing banking services and products that suit the nature of clients of these areas and within the bank's approved expansion plan.
- **Human Resources:**
 - Focus on employees by attracting qualified people and providing training to enhance efficiency, therefore, making the Bank of Choice for those looking for employment.
- **Business Hub:**
 - Continuing to develop the technology system, leading to the comprehensive automation of all the bank's business and activities.
 - Continuous review of work procedures and bank policies and updating them in line with best practices applied in the banking market.

Operational Objectives aligned with the 2021 strategic plan:

- Continuing the implementation of the expansion plan to cover various regions of the Kingdom and opening traditional branches, or Commercial Express branches, and the installation of ATMs. Based on feasibility studies, the expansion will be based on suitability for customers and its proximity to economic and demographic activity.
- Developing / offering competitive banking products and services in the market, and continuing to advertise the existing products, with a focus on electronic services.
- Continuing to attract customers, targeted groups and sectors that are compatible with the Bank's policies and strategic directions.
- Work to raise the quality of the facilities portfolio by focusing on new facilities and reducing non-performing loans, as well as raising the quality of the deposit portfolio by focusing on good and stable deposits.
- Developing the technological system, making sure that programs are continuously automated, in addition to developing the administrative information system.
- Follow up on the requirements of the existing and new regulatory authorities and adhering to them.
- Taking measures to ensure the continuation of the Bank's business, while focusing efforts on preserving the Bank's employees and customers under the current circumstances (the spread of the Corona pandemic and imposing measures to limit the further spread of the pandemic).
- Monitor and manage the risks that the Bank is exposed to and associated with the banking process, whether existing or expected to occur.
- Monitor conditions and changes that affect the banking and economic environment (locally and internationally), especially with regard to interest rate movements, to take advantage of possible opportunities and reduce expected challenges.

(16): The auditor's fees including sales tax amounted to JD (122,780).

(17)/A: Number of Securities Owned by Board Members, and Names and Shares of Companies Controlled by Them in Comparison with the previous year:

| SN | Name | Nationality | No. of Securities | | Companies Controlled by Them | No. of Securities | |
|----|--|-------------------------------------|----------------------|----------------------|---|-------------------|--------------------------|
| | | | 31/12/2020 | 31/12/2019 | | 2020 | 2019 |
| 1 | Micheal Faiq Ibrahim Sayegh Chairman | Jordanian | 12,814,346 | 12,838,796 | National Paints Factories Co. Ltd Terzon Management Consulting Company National Paints Holding Company | - 10,000 - | 11,428 - 1,656,641 |
| 2 | Ayman Haza' Barakat Al-Majali Vice Chairman | Jordanian | 1,144,546 | 1,144,546 | - | - | - |
| 3 | Social Security Corporation Board Member | Jordanian | 23,808,021 | 23,808,021 | - | - | - |
| 4 | Two seats represented by: Munis Omar Salim Abdel-Aal Fadi Abdel Wahab Abu Ghosh As of 08/09/2020 Areej Sulaiman Khalid Obaidat Until 08/09/2020 | Jordanian Jordanian Jordanian | - - - | - - - | - | - | - |
| 5 | First Jordan Investment Co. Board Member Represented by Saleh Mohammad Saleh «Zeid Al Kilani» | Jordanian Jordanian | 14,715,172 11,999 | 14,741,872 11,999 | - | - | - |
| 6 | Shareef Tawfiq Hamd Al- Rawashdeh Board Member | Jordanian | 1,073,754 | 1,073,754 | - | - | - |
| 7 | Osama Omar Ali Hamad Board Member | Jordanian | 10,000 | 10,000 | - | - | - |
| 8 | Muhannad Shehadeh Khalil Board Member | Jordanian | 10,000 | 10,000 | - | - | - |
| 9 | Abdelnour Nayef Abdelnour Board Member As of 09/07/2020 | Jordanian | 10,000 | 615 | - | - | - |
| 10 | Nasser Hussein Mohammed Saleh Board Member As of 09/07/2020 | Jordanian | 10,000 | 0 | - | - | - |
| 11 | Henry Tawfiq Ibrahim Azzam Board Member As of 09/07/2020 | Jordanian | 10,000 | 0 | - | - | - |
| 12 | National Paints Company LTD. Board Member Until 09/07/2020 | UAE | 11,428 | 11,428 | - | - | - |
| 13 | Iman Mahmoud Allan Al- Damen Board Member | Jordanian | 11,999 | 11,999 | - | - | - |
| 14 | Yazeed Shamseddin "Mohammad Yousef: Al- Khalidi Board Member Until 09/07/2020 | Jordanian | 11,999 | 11,999 | - | - | - |

(17)/B: Number of Securities Owned by Relatives of Board Members, and Names and Shares of Companies Controlled by Them in Comparison with the previous year:

| SN | Name | Nationality | No. of Securities | |
|----|--|-------------|-------------------|------------|
| | | | 2020/12/31 | 2019/12/31 |
| 1 | Nazi Tawfiq Nakhleh Qebti Chairman's Wife | Jordanian | 7,400,068 | 240,000 |

(17)/C: Number of Securities Owned by Members and Non-Members of the Senior Executive Management, and Names and Shares of Companies Controlled by Them in Comparison with the previous year:

| SN | Name | Nationality | No. of Securities | |
|----|--|-------------|-------------------|------------|
| | | | 2020/12/31 | 2019/12/31 |
| 1 | Rami «Mohammad Jawad» Fuad Hadid Deputy General Manager/Chief Banking Officer | Jordanian | 23,557 | 23,557 |

There are no securities owned by Senior Executives and no companies controlled by any of them compared to the previous year, with the exception of Mr. Rami Hadid, Deputy CEO/Chief Business Officer.

(17)/D: Number of Securities Owned by Relatives of Senior Executive Management Members, and Names and Shares of Companies Controlled by Them:

N/A.

(18)/A: Remunerations and Benefits of the BoD Members (01/01/2020 - 31/12/2020):

| BoD Members | Transportation allowance for Board members | Transportation allowance for Board committee members | BoD Members' annual bonus | Travel, training and other expenses | Total |
|--|--|--|---------------------------|-------------------------------------|----------------|
| Micheal Sayegh | 33,000 | 4,200 | 5,000 | 614 | 42,814 |
| HE Ayman Al-Majali | 33,000 | 3,400 | 5,000 | - | 41,400 |
| Social Security Corporation (2 Seats) | 66,000 | 10,000 | 10,000 | - | 86,000 |
| First Jordan Investment Co. | 33,000 | 5,400 | 5,000 | - | 43,400 |
| Sharif Al-Rawashdeh | 33,000 | 7,100 | 5,000 | - | 45,100 |
| National Paints Factories Co. Ltd | 15,000 | 900 | 5,000 | - | 20,900 |
| Abdelnour Abdelnour | 18,000 | 3,600 | - | - | 21,600 |
| Yazeed Al-Khalidi | 15,600 | 3,200 | 5,000 | - | 23,800 |
| Mrs. Iman Al-Damen | 15,600 | 2,600 | 5,000 | - | 23,200 |
| HE Mohannad Shehadeh | 33,000 | 5,300 | - | - | 38,300 |
| Osama Hamad | 33,000 | 4,200 | 3,500 | - | 40,700 |
| Henry Azzam | 17,400 | 3,700 | - | - | 21,100 |
| Naser Al Saleh | 17,400 | 4,800 | - | - | 22,200 |
| Nabil Meshahwar (until 30/10/2019) | - | - | 3,500 | - | 3,500 |
| Al Saleh Investment Holding Limited Company (until 3/4/2019) | - | - | 1,000 | - | 1,000 |
| Total | 363,000 | 58,400 | 53,000 | 614 | 475,014 |

(18)/B: Salaries, Remunerations and Benefits of the Senior Executive Management Members (01/01/2020 - 31/12/2020):

| Senior Executive Management | Salaries | Bonus | Transportation allowance for committees | Travel, training and other expenses | Total |
|--|------------------|---------------|---|-------------------------------------|------------------|
| Caesar Qulajen | 438,900 | - | - | 987 | 439,887 |
| Walid Qhewi - BOD secretary | 71,990 | - | 800 | - | 73,590 |
| Mohammed Al-Quraan | 124,144 | - | 600 | - | 124,144 |
| Salim Sawalha | 118,995 | - | - | - | 118,995 |
| Anas Ayeshe | 79,856 | - | - | - | 79,856 |
| Rami Hadid | 152,178 | - | - | - | 152,178 |
| Waheed Haymour until 31/1/2020 | 12,178 | - | 100 | - | 12,278 |
| Abdallah Kishik | 202,807 | 25,450 | - | 915 | 229,172 |
| Ala'a Qhof | 143,179 | - | - | - | 143,179 |
| Mahmoud Mahmoud | 43,170 | - | 600 | - | 43,770 |
| Ajoud AlRousan | 129,936 | - | - | - | 129,936 |
| Wael Rabieh | 109,248 | - | - | - | 109,248 |
| Mounir Muhtasib | 108,400 | - | - | - | 108,400 |
| Total | 1,735,781 | 25,450 | 2,100 | 1,902 | 1,765,233 |
| Total BOD Members & Senior Executive Management | 2,098,781 | 83,850 | 55,100 | 2,517 | 2,240,248 |

(19): Bank's Donations and Support during 2020 (Jordan and Palestine Branches):

| Domain | Value/JOD |
|--|----------------|
| Environment | 6,000 |
| Education | 11,000 |
| Charitable societies and social institutions | 203,000 |
| Sports | 1,000 |
| Health | 96,695 |
| Children, Women & Families | 800 |
| Poverty | 37,100 |
| Culture and Arts | 6,000 |
| Supporting National Institutions | 410,750 |
| People with Special Needs | 1,700 |
| Total | 772,345 |

(20)/A: There are no contracts, projects, or engagements concluded between Jordan Commercial Bank and its subsidiaries, sister companies, affiliates, the Chairman, Board Members, the General Manager, the Bank's employees or their relatives that have not been disclosed.

(20)/B: Contracts, projects and engagements entered in and between the Bank and the Chairman of the Board, members of the Board, the Director General or any employees of the Bank or their relatives:

| | SN | Member's Name | Direct Facilities (Credit Limits) as at 31/12/2020 | Direct Facilities (Credit Balances) as at 31/12/2020 | Indirect Facilities (Credit Limits) as at 31/12/2020 | Indirect Facilities (Credit Balances) as at 31/12/2020 |
|-----------------------|----|-----------------------------|--|--|--|--|
| As Associated Parties | 1 | Micheal Sayegh | 9.613.065 | 8,974,429 | 270,000 | 306,726 |
| | 2 | Sharif Al-Rawashdeh | 2.346.216 | 2,439,618 | - | 1.000 |
| | 3 | HE Ayman Al-Majali | 6.508.368 | 5,877,454 | 600,000 | 376.330 |
| | 4 | Abdelnour Nayef Abdelnour | 6,248,142 | 6,236,358 | - | 34.302 |
| | 5 | First Jordan Investment Co. | 4.263.594 | 4,266,545 | - | 155.000 |
| | 6 | Social Security Corporation | - | 143,345 | - | - |
| As Individuals | 1 | Osama Omar Ali Hamad | - | 386,036 | - | - |
| | 2 | Henry Azzam | - | 1266 | - | - |

(21/A): Bank's Contribution to Environmental Protection:

None.

(21/B): Bank's Contribution to Community Service

Corporate Social Responsibility:


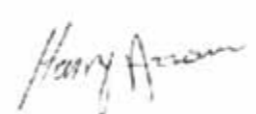

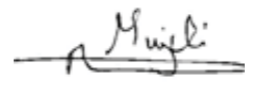
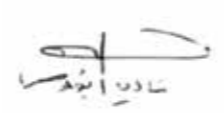



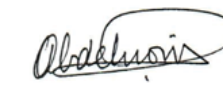

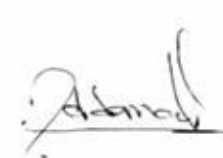
Corporate social responsibility activities are an integral part of the Bank's commitment to the local community. In 2020, the Bank provided cash and in-kind support to various activities in different fields such as education, sports, health, poverty alleviation and many others. The Bank made donations to disadvantaged groups nationwide including people with special needs, orphans and the elderly.

In 2020, the Bank also sponsored many conferences, seminars and economic, cultural, social and sports events in cooperation with many educational and social institutions. Throughout the year, the Bank supported and made donations to various charitable institutions and centers in Jordan.


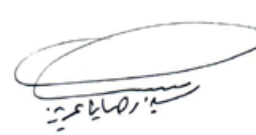

(22): The Board of Directors of Jordan Commercial Bank declares, to the best of its knowledge and belief, that there are no material matters that may affect the continuity of the Bank during the next fiscal year. The Board also acknowledges that they have not received any payments in cash or benefits in cash or in-kind other than is disclosed in the Remuneration and Benefits Table.

(23): The Board of Directors of the Jordan Commercial Bank acknowledges its responsibility for preparing financial statements, providing an effective control system in the bank, and for the adequacy of internal control systems.

(The signatures of the following members of the Board of Directors include all the above-mentioned acknowledgments No. 22 and 23)

| | | | |
|--|--|---|---|
| <p>Chairman Micheal Sayegh</p>  <p>Board Member Henry Azzam</p>  <p>Board Member Mohannad Shehadeh</p>  | <p>Vice Chairman Ayman Al-Majali</p>  <p>Board Member Social Security Corporation (1St Seat) represented by Fadi Abu Ghoush</p>  <p>Board Member Social Security Corporation (2nd Seat) Represented by Mo'nes Abdel All</p>  | <p>Board Member Sharif Al-Rawashdeh</p>  <p>Board Member Naser Saleh</p>  <p>Board Member National Paints Factories Co. Ltd. Represented by Abdelnour Abdelnour</p>  | <p>Board Member First Jordan Investment Company Represented by Saleh Al Kilani</p>  <p>Board Member Osama Hamad</p>  |
|--|--|---|---|

(24): We, the undersigned, acknowledge the validity, accuracy and completeness of the information and data contained in the annual report and the provision of internal control and control systems.

| | | |
|---|--|---|
| <p>Chairman Micheal Sayegh</p>  | <p>General Manager Caesar Qulajen</p>  | <p>Finance Manager Abdallah Kishek</p>  |
|---|--|---|



Financial Statements & Independent Auditor's Report

Thriving to Succeed

Statement Of Financial Position

| | Notes | 31 December | |
|---|-------|-----------------------------|-----------------------------|
| | | 2020 | 2019 |
| ASSETS | | JD | JD |
| Cash and balances with central banks | 4 | 96,851,544 | 71,264,135 |
| Balances at banks and financial institutions | 5 | 79,318,273 | 36,642,539 |
| Direct credit facilities, net | 6 | 713,901,025 | 669,000,375 |
| Financial assets at fair value through statement of income | 7 | 1,645,923 | 1,876,382 |
| Financial assets at fair value through other comprehensive income | 8 | 29,053,113 | 11,105,937 |
| Financial assets at amortized cost, net | 9 | 282,206,186 | 276,734,126 |
| Property and equipment, net | 10 | 21,872,682 | 22,430,397 |
| Intangible assets, net | 11 | 2,093,653 | 1,855,317 |
| Right-of-use assets | 12 | 5,119,281 | 5,141,936 |
| Deferred tax assets | 18-d | 11,215,869 | 12,313,532 |
| Other assets | 13 | 108,744,016 | 134,455,262 |
| Assets held for sale, net | 46 | - | 143,773,084 |
| Total Assets | | <u>1,352,021,565</u> | <u>1,386,593,022</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| LIABILITIES | | | |
| Banks' and financial institutions' deposits | 14 | 102,670,901 | 87,386,747 |
| Customers' deposits | 15 | 935,686,966 | 836,698,393 |
| Cash margin | 16 | 41,822,602 | 56,572,215 |
| Borrowed funds | 17 | 103,564,728 | 96,083,582 |
| Provision for income tax | 18-a | 174,758 | - |
| Sundry provisions | 19 | 822,511 | 1,370,624 |
| Deferred tax liabilities | 18-d | - | 50,388 |
| Lease liabilities | 12 | 4,830,299 | 4,538,267 |
| Other liabilities | 20 | 22,982,013 | 39,170,608 |
| Liabilities directly associated to assets held for sale | 46 | - | 125,523,424 |
| Total Liabilities | | <u>1,212,554,778</u> | <u>1,247,394,248</u> |
| SHAREHOLDERS' EQUITY | | | |
| Authorized and paid in capital | 21 | 120,000,000 | 120,000,000 |
| Statutory reserve | 22-a | 15,953,618 | 15,460,318 |
| General banking risk reserve | 22-b | - | 548,693 |
| Cyclical fluctuations reserve | 22-c | - | 3,538,675 |
| Fair value reserve, net | 23 | (2,020,984) | (2,211,406) |
| Retained earnings | 24 | 5,534,153 | 1,862,494 |
| Total bank Shareholders' Equity | | <u>139,466,787</u> | <u>139,198,774</u> |
| Total Liabilities and Shareholders' Equity | | <u>1,352,021,565</u> | <u>1,386,593,022</u> |

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

Statement Of Income

| | Notes | For The Year Ended 31 December | |
|--|------------|--------------------------------|---------------------------|
| | | 2020 | 2019 |
| Continued operations | | JD | JD |
| Interest income | 25 | 70,598,278 | 74,972,391 |
| Less: interest expense | 26 | (37,073,917) | (43,982,003) |
| Net interest income | | <u>33,524,361</u> | <u>30,990,388</u> |
| Net commission income | 27 | 4,286,809 | 5,788,201 |
| Net interest and commission | | <u>37,811,170</u> | <u>36,778,589</u> |
| Foreign exchange income | 28 | 947,731 | 1,129,852 |
| Gain from financial assets at fair value through statement of income | 29 | (230,459) | 91,186 |
| Dividends from financial assets at fair value through other comprehensive income | 8 | 211,409 | 238,853 |
| Other income | 30 | 3,990,299 | 4,220,083 |
| Gross income | | <u>42,730,150</u> | <u>42,458,563</u> |
| Employees' expenses | 31 | 12,802,688 | 13,764,527 |
| Depreciation and amortization | 10, 11, 12 | 3,621,716 | 3,570,301 |
| Provision for expected credit losses, net | 32 | 8,047,731 | 891,610 |
| Other provisions | 19 | 630,450 | 403,894 |
| Provisions for assets seized by the Bank against due debts | 13 | 1,568,055 | 1,534,665 |
| Other expenses | 33 | 9,326,503 | 9,513,335 |
| Total expenses | | <u>35,997,143</u> | <u>29,678,332</u> |
| Profit for the year before income tax | | <u>6,733,007</u> | <u>12,780,231</u> |
| Income tax for the year | 18-b | (2,028,828) | (2,170,473) |
| Profit from continued operations | | 4,704,179 | 10,609,758 |
| Loss from discontinued operations | 46 | <u>(4,190,676)</u> | <u>(5,296,692)</u> |
| Profit for the year – statement (C) and (D) | | <u>513,503</u> | <u>5,313,066</u> |
| Earnings per share for the year attributable to the Bank's shareholders | | | |
| Basic and diluted | 34 | 004/0 | 044/0 |
| Earnings per share for the year attributable to the Bank's shareholders - continued operations | | | |
| Basic and diluted | 34 | 039/0 | 088/0 |
| (Loss) per share for the year attributable to the Bank's shareholders - discontinued operations | | | |
| Basic and diluted | 34 | (035/0) | (044/0) |

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

Statement Of Comprehensive Income

| | For The Year Ended 31 December | |
|--|--------------------------------|-------------------------|
| | 2020 | 2019 |
| | JD | JD |
| Profit from continued operations | 4,704,179 | 10,609,758 |
| Other comprehensive income items: | | |
| Items that are not transferable subsequently to statement of income | | |
| Net change in fair value reserve of financial assets through other comprehensive income, net | (20,633) | (100,812) |
| Total comprehensive income for the year from continued operations | <u>4,683,546</u> | <u>10,508,946</u> |
| | | |
| (Loss) for the year from discontinued operations | (4,190,676) | (5,296,692) |
| Other comprehensive income items: | | |
| Items that are not transferable subsequently to statement of income | | |
| Net change in fair value reserve of financial assets through other comprehensive income, net | (224,857) | (57,411) |
| Total (comprehensive loss) for the year from discontinued operations | (4,415,533) | (5,354,103) |
| Gross comprehensive income for the year | <u>268,013</u> | <u>5,154,843</u> |

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

Statement Of Changes In Equity

| | Reserves | | | | | | Total Shareholders' Equity | |
|---|--------------------------------|--------------------------|-------------------------|-------------------------|---------------------------|-------------------------|----------------------------|-------------------|
| | Subscribed and paid in capital | Statutory | Cyclicality | General Banking Risks * | Fair Value Reserve, net | | | Retained earnings |
| | | | | | JD | JD | | |
| For the year ended 31 December 2020 | | | | | | | | |
| Balance at the beginning of the year | 120,000,000 | 15,460,318 | 3,538,675 | 548,693 | (2,211,406) | 1,862,494 | 139,198,774 | |
| Profit for the year | - | - | - | - | - | 513,503 | 513,503 | |
| Fair value reserve released from sale of financial assets at fair value | - | - | - | - | (258,850) | 258,850 | - | |
| Net fair value reserve, net | - | - | - | - | (245,490) | - | (245,490) | |
| Total comprehensive income for the year | - | - | - | - | (504,340) | 772,353 | 268,013 | |
| Transferred to reserves | - | 493,300 | - | - | - | (493,300) | - | |
| Transferred from reserves as a result of selling Palestine branches | - | - | (3,538,675) | (548,693) | 694,762 | 3,392,606 | - | |
| Balance as of 31 December 2020 | <u>120,000,000</u> | <u>15,953,618</u> | <u>-</u> | <u>-</u> | <u>(2,020,984)</u> | <u>5,534,153</u> | <u>139,466,787</u> | |
| For the year ended 31 December 2019 | | | | | | | | |
| Balance at the beginning of the year | 120,000,000 | 14,714,563 | 2,597,047 | - | (2,053,183) | (1,214,496) | 134,043,931 | |
| Profit for the year | - | - | - | - | - | 5,313,066 | 5,313,066 | |
| Net fair value reserve, net | - | - | - | - | (158,223) | - | (158,223) | |
| Total comprehensive income for the year | - | - | - | - | (158,223) | 5,313,066 | 5,154,843 | |
| Transferred to reserves | - | 745,755 | 941,628 | 548,693 | - | (2,236,076) | - | |
| Balance as of 31 December 2019 | <u>120,000,000</u> | <u>15,460,318</u> | <u>3,538,675</u> | <u>548,693</u> | <u>(2,211,406)</u> | <u>1,862,494</u> | <u>139,198,774</u> | |

- The retained earnings balance includes JD 11,215,869 restricted against deferred tax assets as of 31 December 2020 according to the Central Bank of Jordan's instructions.

- The cyclicality reserve is restricted to use without prior approval of the Palestinian Monetary Authority. As a result of completion of the sale of Palestine branches, it was no longer needed and was allocated to retained earnings.

- Use of retained earnings for an amount equal JD 2,020,984 to the negative cumulative change in the fair value of financial assets and before any tax effect of as of 31 December 2020 is restricted (including JD 311,112 against the implementation of International Financial Reporting standard No (9)) according to the instructions of the Jordan Securities Commission an Central Bank of Jordan.

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

Notes To The Financial Statements

| | Notes | For The Year Ended 31 December | |
|---|--------|--------------------------------|--------------|
| | | 2020 | 2019 |
| | | JD | JD |
| Cash Flows from Operating Activities: | | | |
| Profit for the year before income tax – Statement (B) | | 6,733,007 | 12,780,231 |
| Loss from discontinued operations before tax | | (4,190,676) | (6,252,803) |
| Adjustments for: | | | |
| Depreciation and amortization | 10,11 | 2,602,541 | 3,075,439 |
| Provision for expected credit losses | 32, 46 | 8,047,731 | 1,265,110 |
| Provision for Lawsuits against the Bank | 19, 46 | 15,450 | 401,848 |
| Provision for End-of-Service Indemnity | 19, 46 | - | 255,115 |
| Other Provisions | 19 | 615,000 | - |
| Loss (Gain) from valuation of financial assets at fair value through statement of income | 29 | 230,459 | (91,316) |
| Impairment on assets seized by the Bank against due debts | 13 | 1,568,055 | 1,534,665 |
| Provision for losses from sale of Palestine's Branches | 46 | - | 3,708,487 |
| Profit From Sale of fixed assets | 30 | (103,698) | - |
| Amortization of right-of-use assets | 12 | 1,019,175 | 1,007,613 |
| Finance costs paid for lease obligations | 12 | 359,249 | 124,337 |
| Effect of exchange rate fluctuations on cash and cash equivalents | | (397,236) | (439,036) |
| Profit for the year before changes in assets and liabilities | | 16,499,057 | 17,369,690 |
| Changes in Assets and Liabilities - | | | |
| (Increase) in direct credit facilities | | (55,675,618) | (10,222,209) |
| Decrease in financial assets at fair value through statement of income | | - | 7,733 |
| Balances at banks and financial institutions for more than a year | | (30,000,000) | - |
| Decrease (Increase) in other assets | | 24,124,546 | (27,769,590) |
| Decrease (Increase) in banks' and financial institutions deposits for more than three months | | 15,000,000 | (6,442,270) |
| Increase in customers' deposits | | 98,988,573 | 42,221,913 |
| Decrease in cash margins | | (14,749,613) | (23,234,371) |
| (Decrease) increase in other liabilities | | (12,932,329) | 4,921,194 |
| Net change in Assets and Liabilities | | 24,755,559 | (20,517,600) |
| Net cash flows from (used in) operating activities before income tax and finance costs paid for lease obligations and paid provisions | | 41,254,616 | (3,147,910) |
| Lawsuits provision paid | 19 | (176,866) | (176,906) |
| Other provisions | 19 | (1,000,000) | - |
| End-of-service indemnity paid | 19 | (1,697) | (173,193) |
| Lease contracts paid | 12 | (1,063,737) | (866,011) |
| Income tax paid | 18 | (635,499) | (518,012) |
| Net cash flows from (used in) operating activities | | 38,376,817 | (4,882,032) |
| Cash flows from investing activities: | | | |
| (Increase) Decrease in financial assets at amortized cost | | (5,598,543) | 24,455,879 |
| Decrease (Increase) in financial assets at fair value through other comprehensive income | | 23,000 | (1,358,221) |
| Purchase of property and equipment | 10 | (1,700,273) | (2,783,510) |
| Intangible assets | 11 | (662,735) | (536,064) |
| Proceeds from sale of property and equipment | | 183,544 | 28,579 |
| Net cash flows (used in) from investing activities | | (7,755,007) | 19,806,663 |
| Cash flows from financing activities: | | | |
| Increase in borrowed funds | | 7,481,146 | 12,601,709 |
| Net cash flows from financing activities | | 7,481,146 | 12,601,709 |
| Effect of exchange rate fluctuations on cash and cash equivalents | | 397,236 | 439,036 |
| Net increase in cash and cash equivalents | | 38,500,192 | 27,965,376 |
| Cash and cash equivalents at the beginning of the year from continued operations | | 80,519,927 | 103,062,924 |
| Cash and cash equivalents from discontinued operations | | - | (50,508,373) |
| Cash and cash equivalents at the end of the year | 35 | 119,020,119 | 80,519,927 |

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

(1) General

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

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

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

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

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

The Bank is engaged in banking and related financial operations through its branches totalling (32) inside Jordan.

The financial statements have been approved by the Bank's Board of Directors in its meeting held on 18 March 2021 and are subject to the approval of the General Assembly of Shareholders.

(2) Basis of Preparation of the Financial Statements

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

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

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

- Debt instruments issued by the Government of Jordan guaranteed by it are excluded, in addition to any other credit exposures with the Government of Jordan or guaranteed by it so that any credit exposures with the Government of Jordan or guaranteed by it are addressed without any credit losses.
- When calculating the credit losses against credit exposures, the results of the calculation that are in accordance with the International Financial Reporting Standard No. (9) are compared with the instructions of the Central Bank of Jordan (No. 47/2009) dated 10 December 2019 for each stage, and whichever is more conservative is recorded.

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

C. Assets seized by the Bank against due debts are shown in the statement of financial position among other assets at the value as of the date it had been passed on to the Bank or its fair value, whichever is less. Their assets are revalued individually at the date of the financial statements and any impairment during the year are recorded in the statement of income. Gains are not recorded as income as these gains are recorded later in the statement of comprehensive income without exceeding the impairment value. As announced at the beginning of 2015, a provision is recorded for assets seized against Jordan debts that have been seized for more than 4 years in accordance with a circulation by the Central Bank of Jordan (No. 15/14076) dated 27 March 2014 and (No. 10/1/2510) dated 14 February 2017. The Central Bank of Jordan issued a circulation (No. 10/1/13967) dated 25 October 2018; approving an extension of circulation (No.10/16607) dated 17 December 2017 that confirmed the extension of an allowance to be recorded until the end of 2019. Furthermore, according to Central Bank's circulation (No. 10/1/16239) dated 21 November 2019, a provision for seized assets will commence in 2021 at a rate of 5% of the total book value of these assets until a provision of 50% of these assets' value is reached by the end of 2029.

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

- The financial statements are prepared on the historical cost basis except for financial assets at fair value through profit and loss and financial assets at fair value through other comprehensive income and financial derivatives, which have been measured at fair value at the date of the financial statements. Moreover, financial assets and liabilities that have been hedged for changes in fair value are stated at fair value.
- The financial statements are presented in Jordanian Dinar (JD) being the functional currency of the Bank.

(2-1) Changes in Accounting Policies

The accounting policies adopted in the preparation of the financial statements are consistent with those used in the preparation of the financial statements for the year ended 31 December 2019, except for the adoption of the following new standards effective 1 January 2020:

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the financial statements of the Bank, but may impact future periods should the Bank enter into any business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7 includes a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the financial statements of the Bank as it does not have any interest rate hedge relationships.

Amendments to IAS 1 and IAS 8: Definition of "Material"

The IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to, the Bank.

(3-2) Significant Accounting Policies

Segment Information

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

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

Recognition of Interest Income

The Effective Interest Rate Method

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

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

(including prepayments, penalty interest and charges).

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

Interest and Similar Incomes and Expenses

For all financial instruments measured at amortized cost, financial instruments designated at FVOCI and FVTPL, interest income or expense is recorded using the EIR. The calculation considers all the contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

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

Fees and commission income

Fees income can be divided into the following two categories:

1. Fees income earned from services that are provided over a certain period.
Fees earned for the provision of services over a period are accrued over that period. Such fees include "commission income and private wealth and asset management" fees, "custody and other management" fees.
2. Fee income forming an integral part of the corresponding financial instrument:
Fees that the Bank considers to be an integral part of the corresponding financial instruments include:
Loan origination fees, loan commitment fees for loans that are likely to be drawn down and other credit related fees.

Financial Instruments – Initial Recognition

Date of recognition

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

Initial measurement of financial instruments

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

Day 1 of profit or loss

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

Measurement categories of financial assets and liabilities

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

- Amortized cost
- FVOCI
- FVTPL

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

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

Financial assets and liabilities

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

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

The details of these conditions are outlined below.

Business model assessment

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

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

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Bank's assessment

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

The SPPI test

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

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

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

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

Derivatives recorded at fair value through statement of income

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

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

The Bank enters into derivative transactions with various counterparties. These include interest rate swaps, futures and cross-currency swaps. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as

liabilities when their fair value is negative. Changes in the fair value of derivatives are included in net trading income unless hedge accounting is applied.

Debt instruments at FVOCI

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

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

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

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

Equity instruments at FVOCI

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

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

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

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

Financial guarantees, letters of credit and unutilized facilities ceilings

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

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

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

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

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

Derecognition of financial assets and liabilities

Derecognition due to substantial modification of terms and conditions

The Bank derecognizes a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognized as a derecognition

gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognized loans are classified as Stage 1 for ECL measurement purposes.

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

Derecognition other than for substantial modification

A. Financial assets

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

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

- The Bank has transferred its contractual rights to receive cash flows from the financial asset
- Or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement

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

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

A transfer only qualifies for derecognition if either:

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

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

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

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

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

B. Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original

liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in statement of income.

Impairment of financial assets

Overview of the ECL principles

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

Equity instruments are not subject to impairment under IFRS 9.

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

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

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

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

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

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

IFRS 9 application methodology is detailed in note (3) – use of estimate.

Rent Contracts:

Assets held under finance leases are initially recognized as assets of the Bank at their fair value at the inception of the lease or, if lower, at the present value of the minimum future lease payments. The finance lease obligation is recorded at the same value. Lease payments are apportioned between finance costs and reduction of the lease liabilities in order to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are charged directly to the statement of income.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

Right-of-use assets

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

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

Lease liabilities

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

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

Property and Equipment

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

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

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

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

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

Impairment of non-financial assets

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

These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Intangible Assets

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

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

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

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

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

Non-current assets held for sale

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

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

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

Provisions

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

Provision for employees' end-of-service indemnities

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

Income Taxes

Income tax expenses represent current and deferred taxes.

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

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

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

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

Capital Cost of Issuing or Buying the Bank's Shares

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

Assets Under Management on Behalf of Customers

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

Offsetting

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

Seized Assets by the Bank Against Due Debts

Such assets are those that have been the subject of foreclosure by the Bank and are initially recognized among «other

assets» at the foreclosure value or fair value whichever is least.

At the date of the financial statements, seized assets are revalued individually (fair value less selling cost); any decline in fair value is recognized in the statement of income. Any subsequent increase in value is recognized only to the extent that it does not exceed the previously recognized impairment losses.

Repurchase and Resale Agreements

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

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

Foreign Currencies

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

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

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

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

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

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

Fair Value

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

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

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

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

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

highest and best use.

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

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

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

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

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

Cash and Cash Equivalents

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

(3) Use of estimates

Preparation of the financial statements and application of the accounting policies require management to make judgments, estimates, and assumptions that affect the amounts of financial assets and financial liabilities and to disclose potential liabilities. Moreover, these estimates and judgments affect revenues, expenses, provisions, in general, expected credit losses, as well as changes in fair value that appear in the statement of comprehensive income and within shareholders' equity. In particular, the Bank's management requires judgments to be made to estimate the amounts and timing of future cash flows. These estimates are necessarily based on multiple hypotheses and factors with varying degrees of estimation and uncertainty. Meanwhile, the actual results may differ from estimates due to the changes arising from the conditions and circumstances of those estimates in the future.

Judgments, estimates, and assumptions are reviewed periodically. Moreover, the effect of the change in estimates is recognized in the financial period in which the change occurs if the change affects only the financial period. On the other hand, the effect of the change in estimates is recognized in the financial period in which the change occurs and in future periods if the change affects the financial period and future financial periods.

Management believes that its estimates in the financial statements are reasonable. The details are as follows:

Impairment of property acquired

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

Productive lifespan of tangible assets and intangible assets

The Bank's management periodically recalculates the useful lives of tangible assets and intangible assets for calculating annual depreciation and amortization based on the general condition of those assets and estimated future useful lives. The impairment loss is recognized in the statement of income for the year.

Income tax

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

Litigations provision

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

Provision for end-of-service indemnities

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

Assets and liabilities stated at cost

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

Provision of expected credit losses

Management is required to use significant judgments and estimates to estimate the amounts and timing of future cash flows and assess the risks of a significant increase in credit risks for financial assets after initial recognition and future measurement information for the expected credit losses. The most important policies and estimates used by the Bank's management are detailed in note (38).

Evaluation of business model

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

Significant increase in credit risk

The expected credit loss is measured as an allowance equivalent to the expected credit loss of 12 months for the assets of the first stage, or the credit loss over the life of the assets of the second or third stage. The asset moves to the second stage if credit risk increases significantly since initial recognition. IFRS (9) does not specify what constitutes a significant increase in credit risk. In assessing whether the credit risk of any asset has increased significantly, the Bank considers reasonable and reliable quantitative and qualitative information. The estimates used by the Bank's management concerning the significant change in credit risk that result in a change in the classification within the three stages (1, 2 and 3) are shown in detail in note (38).

Establish groups of assets with similar credit risk characteristics

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

Re-Division of Portfolios and Movements Between Portfolios

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

Models and Assumptions Used

The Bank uses various models and assumptions in measuring the fair value of financial assets as well as in assessing the

expected credit loss described in note (38). The judgment is applied when determining the best models for each type of asset as well as for the assumptions used in those models, which include assumptions regarding the main drivers of credit risk.

a. Classification and Measurement of Financial Assets and Liabilities

The Bank classifies financial instruments or components of financial assets at initial recognition either as a financial asset or a financial liability, or as an equity instrument in accordance with the substance of the contractual agreements and the definition of the instrument. The reclassification of a financial instrument is subject to the substance of the financial statements and not to its legal form.

The Bank shall determine the classification at initial recognition and reassess such determination, if possible and appropriate, at each date of the statement of financial position.

When measuring financial assets and liabilities, certain assets and liabilities of the Bank are re-measured at fair value for financial reporting purposes. In assessing the fair value of any assets or liabilities, the Bank uses available observable market data. In the absence of Tier 1 inputs, the Bank conducts evaluations using professionally qualified independent evaluators. The Bank works closely with qualified external evaluators to develop appropriate valuation and data valuation techniques.

b. Fair Value Measurement

If the fair values of financial assets and financial liabilities included in the statement of financial position cannot be obtained from active markets, these fair values are determined using a range of valuation techniques involving the use of accounting models. If possible, the entered data for those models will be extracted from the market data. In the absence of such market data, fair values are determined by making judgments. These provisions include liquidity considerations and model data such as derivative volatility, longer-term discount rates, pre-payment ratios and default rates on asset-backed securities. Management believes that the valuation techniques used are appropriate to determine the fair value of financial instruments.

c. Derivative Financial Instruments

The fair values of derivative financial instruments measured at fair value are generally obtained by reference to quoted market prices, discounted cash flow models and, where appropriate, recognized pricing models. In the absence of prices, fair values are determined using valuation techniques that reflect observable market data. These techniques include comparison with similar instruments at observable market prices, discounted cash flow analysis, pricing option models and other valuation techniques commonly used by market participants. The main factors that Management takes into consideration when applying the model are:

- The expected timing and probability of future cash flows on the instrument where such cash flows are generally subject to the terms of the instrument, although Management's judgment may be required where the counterparty's ability to repay the instrument in accordance with contractual terms is in doubt; and
- An appropriate discount rate for the instrument. Management determines the instrument discount rate at a rate higher than the non-risk rate. In assessing the instrument by reference to comparative instruments, Management considers the maturity, structure, and degree of classification of the instrument based on the system in which the existing position is compared. When evaluating tools on a model basis using the fair value of the main components, Management also considers the need to adjust for a number of factors, such as bid differences, credit status, portfolio service costs, and uncertainty about the model.

Key Sources of Uncertainty Estimates

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

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

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

Probability of Default

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

Loss given default

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

Fair value measurement and valuation procedures

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

Risk management

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

The risk management process includes identifying, measuring, evaluating and monitoring financial and non-financial risks that can negatively affect the overall performance of the Bank, and the risk department evaluates and controls risks and recommends mitigating them and submitting the necessary reports to executive management and independently of other Bank departments that perform other banking activities.

The Risk Department is responsible for managing risks (credit, operational, market, liquidity and information security) within the framework of the Bank's organizational structure and is directly linked to the Risk Management and Compliance Committee of the Board of Directors and the Risk Department reports directly to this Committee as well as the General Manager with work to provide the relevant departments and committees within the Bank With the necessary risk reports a culture is also strengthened. The Bank has risks through internal and external educational courses and workshops for all employees.

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

The Risk Department also performs the internal capital adequacy assessment process, ICAAP, which includes assessing the level of internal capital adequacy based on the Bank's business expansion strategy expected for future years.

The Bank's risk management provides independent oversight and support that aims to establish and spread the concept of risk management as a whole on all levels of management and helps proactively in realizing potential losses and sets out the plan and procedures to take to confront these risks in the event of their occurrence. The risk management is part of a general risk management policy that enables the Bank to define and set limits for it, and it is the general framework for managing the main risks expected by the Bank. In addition to a number of separate policies for each type of risk.

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

Acceptable risks level (risk appetite)

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

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

The objectives of risk appetite

The Bank aims to determine the acceptable levels of risk to the following:

- 1- Knowing the acceptable level of risk for each type of risk to which the Bank is exposed.
- 2- Protecting the Bank from risks that it might face and negatively affect its business.
- 3-Achieving strategic goals.

4-Ensuring that acceptable proportions of capital adequacy are maintained.

5-Control risks and work to reduce them.

6-Determining the capital needed to face all kinds of risks (economic capital).

7-Developing measures to monitor the acceptable level of risks in addition to the capital, asset quality, liquidity and fluctuation in profits.

Stress testing

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

- A key tool to understand the Bank's risk matrix and its ability to withstand shocks and the high risks it may face.
- It is considered an important part of the capital planning process through the internal evaluation process of the capital adequacy (ICAPP) and improving the Bank's management of its capital.
- It helps the bank in estimating the size of future capital that must be available in the coming years, in accordance with its strategy.
- An important part in the process of identifying, measuring and controlling liquidity risk, in order to assess the Bank's liquidity and the adequacy of liquidity shock mitigators and improve the Bank's liquidity.

The mechanism by which stress situations are chosen

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

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

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

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

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

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

Governance of stress testing

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

Board of Directors' responsibility:

- Ensuring that there is an effective framework for stress testing to assess the Bank's ability to withstand shocks and face high risks, as the Board has the ultimate responsibility for the stress testing program, and the adoption of work policies in this regard.
- Ensure that the Risk Department conducts stress tests on a regular basis, and that the Board has a key role in approving the assumptions and scenarios used, analyzing the results of the tests, and adopting the procedures to be taken based on these results.

Senior executive management responsibility:

- Implementing and monitoring the stress testing program, and in accordance with the methodology approved by the Board of Directors, which was originally based on the specific stress tests according to the instructions of the Central Bank of Jordan.
- Ensure that a qualified personal is available in the Risk Management Department to conduct stress tests and that the department has the appropriate tools and means for that.
- Ensuring that an appropriate number of possible scenarios related to the Bank's business are available, provided that these scenarios are understood and documented.
- Use the results of stress testing in setting and determining the degree of risk tolerance of the Bank and in the process of planning for capital and liquidity.
- Setting the appropriate remedial procedures based on the results of the tests carried out by the Executive Management and submitting them to the Risk and Compliance Committee and presenting them to the Board of Directors.

Responsibility of the audit department:

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

Risk Department responsibility:

- 1- Designing a program of stress testing and using models and methodologies to test its impact on the Bank, so that it covers the following aspects and is not limited to them:
 - Stress testing includes scenarios that range from least to most severe.
 - Covering all complex financial products, if any.
 - It considers potential changes in market conditions that may negatively affect the Bank's exposure to concentration risk.
 - Including stress tests to some scenarios related to reputation risks, by reflecting the results of risks that affect the Bank's reputation, which may be reflected on the Bank's liquidity and liquid assets through customers withdrawing their deposits.
 - The tests used are consistent with the degree of risk tolerance that the Bank has set for itself, so that the chosen scenarios are commensurate with the size, nature and complexity of the Bank's business and the risks associated with it.
 - The stress testing program includes quantitative and qualitative methods to improve the comprehensiveness of these tests and make them supportive and complementary to the models and methods of risk management used in the Bank.
 - It includes different types of tests, such as the simple sensitivity analysis based on changes in one risk factor and between scenarios based on statistical methods that take into account the relationships between the causes of systemic risks in times of crisis, knowing that the part related to these scenarios is determined by the Central Bank of Jordan on an annual basis.
- 2- Organizing an appropriate line of communication between the various parties concerned to take their views on the shocks and potential stressful situations if they occur with the aim of identifying assumptions and scenarios that are appropriate to the internal and external risks that the Bank may be exposed to so that all the parties involved with the Bank participate in this line of communication when determining these tests annually.
- 3- Submitting the results of the tests to the Basel Committee, an internal evaluation of the capital adequacy, and then to the Risk and Compliance Committee from the Bank's Board of Directors annually.

The Bank's application for defaulting and the defaulting mechanism

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

1. The Bank's application to default:

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

2. The defaulting mechanism:

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

- 1- Debt scheduling according to the scheduling principles as per the instructions of the Central Bank of Jordan.
- 2- Taking legal measures to collect what is owed to the Bank.

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

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

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

Specific criteria:

- 1- Measuring the risks of the countries in which the client practices their activity
- 2- Measuring the risks of the economic sectors that represent the client's activities
- 3- Measuring the client's competitive position in detail

Quantity standards:

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

Classification models include (modifier's) quality rates that enhance credit rating accuracy as follows:

- 1- The impact of the various activities of the client
- 2- The capital structure
- 3- Approved financing policy
- 4- Liquidity assessment
- 5- Management and governance

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

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

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

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

- 2- Criteria for classifying client according to the stages:

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

- 3- Probability of default – PD

Corporate portfolio

Based on the probability of default resulting from the analysis of all quantitative and qualitative data of the client through the credit rating system as this is done through the approved models of the company (S&P) and based on historical data, a future probability of default is calculated and linking it to the macroeconomic indicators, following the stress tests and their results.

Individual portfolio

Individual risk is measured at the level of each product separately (personal loans / housing loans / credit cards / car loans) through the evaluation of the product through customer behavior records and their commitment to pay on the agreed upon times for the last 5 years. The approach roll rate methodology is used in measuring risks of individual customers to link them to all variables of economic factors (gross domestic product, unemployment, inflation) to determine the future risks of individuals' portfolio.

Debt portfolio and money market

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

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

4- Loss Given Default - LGD

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

5- Exposure at Default – EAD

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

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

Governance of implementing the requirements of IFRS 9:

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

Board responsibilities:

- Approving the policies, assumptions and models used for the application of the standard.
- Approving the expected credit losses in the Bank's financial statements.
- Ensuring proper application of the standard by defining the roles of committees, departments and work units in the Bank and ensuring complementarity of work among them and providing the appropriate infrastructure.
- Overseeing, through the committees of the Board, the Executive Management to develop the necessary systems to provide adequate information in an accurate and safe matter so that it provides the accurate capability of the Bank to record through the participation of all relevant business units in the Bank and under the supervision of the Bank's Board of Directors and its related committees.
- Approving of amendments that could affect the business model, the Bank's strategy, measurement and evaluation methodologies for the credit process, pricing and guarantees mechanism for credit products or assets that fall within the standard.
- Ensuring that the Bank manages its credit risk within the appropriate best practices, including effective control systems within the credit process that includes a clear determination of the amount of provisions required for all of its risks.
- Ensuring that the supervisory units in the Bank, specifically risk management, manage the internal audit of all necessary processes to verify the validity and integrity of the methodologies and systems used within the framework of the application of IFRS (9) and work to provide the necessary support for these control units.

Executive management responsibilities:

- Providing the appropriate infrastructure and providing recommendations regarding required changes or improvements that help to implement the standard in an accurate and comprehensive manner that includes qualified personnel and an adequate database in terms of accuracy and comprehensiveness.
- Reviewing the policies, work procedures, regulations and any other relevant standards and explaining their suitability for implementing the standard.
- Distributing tasks and responsibilities and ensuring the participation of all relevant business units in the proper application of the standard.
- Monitoring the periodic reports related to the results of calculating and applying the standard and determine the impact of the application of the standard on the financial position of the Bank.
- Applying corrective measures approved by the Board of Directors.
- Reflecting the impact of the application of the standard on the Bank's strategy and pricing policy.
- It is responsible for any exceptions of the results of the system outputs, the specific procedures and the documented forms of the calculation process.

- Reviewing the staging rules process and make the necessary recommendations.
- View the calculation of expected credit losses and recommend their approval.
- Recommend any exception or amendment to the results of calculating the expected credit losses required and in accordance with clear and documented justifications.

Risks and Compliance Committee responsibilities:

- Reviewing the framework and assumptions for calculating expected credit losses and recommend their approval.
- Supervising the efficiency and effectiveness of the process of calculating the expected credit losses.

Responsibilities of the Audit Committee:

- Ensuring that the Internal Audit Department has verified that the methodologies and systems used in the application of IFRS (9) have been applied.
- Monitoring the compliance with the framework for calculating expected credit losses in accordance with IFRS (9) and ensuring that the internal audit fulfills its duty in this regard.
- Reviewing the financial statements after implementing the standard, in particular verifying the implementation of the instructions of the Central Bank of Jordan regarding the adequacy of provisions and expressing an opinion on the Bank's non-operating loans before submitting them to the Board of Directors.
- Reviewing the observations in the Central Bank's reports and the external auditor's reports and following up on the measures taken in their regard.
- Reviewing the accounting issues that have a material impact on the Bank's financial statements and ensure the accuracy of the accounting and control procedures and its safety and adherence to them.
- Ensuring through the Internal Audit Department that all financial instruments/ credit exposures have been measured for expected credit losses.

Compliance Department responsibilities:

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

Risk Department responsibilities

- Calculating the expected credit losses
- Reviewing the models and assumptions used for calculating the provision and recommending any required adjustments
- Evaluating the credit rating systems, their parameters, and results.
- Preparing periodic, qualitative and detailed quantitative disclosures required by the Central Bank of Jordan for the purposes of complying with the requirements of the standard.
- Reviewing the transferring process between the different stages and comparing it with the policy of transferring requirements between stages and reviewing these limitations periodically.

Finance Department responsibilities:

- Participating with departments in developing and building the business model, including the classification of the Bank's financial assets in accordance with the principles of IFRS (9).
- Make the necessary accounting adjustments and restrictions after approving the results and verifying that all financial instruments have been accounted for.
- Reviewing the necessary disclosures in cooperation with the relevant departments of the Bank in accordance with the requirements of the standard and the instructions of the Central Bank.

Determinants of significant change in credit risk:

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

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

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

Stage (3): Includes financial assets for which there is objective evidence of a decrease in value at the date of the financial statements in accordance with the indicators specified in the instructions of the Central Bank of Jordan. For these assets,

expected credit losses for the entire life are recognized and treated with the calculated interest on them.

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

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

The main economic indicators that were used by the bank in calculating the expected credit losses When measuring the probability of default for different segments, historical information and current conditions are taken into consideration in addition to expected future events in accordance with substantial information that can be relied upon by the Bank.

Economic factors and their expectations have been used for the next five years in three scenarios for each of the ratios (GDP, unemployment, Amman Financial Market Index (local Index), energy index, other indicators (non- energy index), and historical PD ratios) by relying on data issued by the World Bank with regard to Jordan and based on historical data issued by the Amman Financial Market and the Bank's indicators for default.

Extension and termination option in leases contracts

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

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

Discounting of lease payment

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

(4) Cash and Balances At Central Banks

The details of this item are as follows:

| | 31 December | |
|--|-------------------|-------------------|
| | 2020 | 2019 |
| | JD | JD |
| Cash in vaults | <u>23,982,196</u> | <u>17,438,433</u> |
| Balances at central banks: | | |
| Current and call accounts | 16,299,864 | 15,691,908 |
| Time and notice deposits and certificates of deposit | 25,000,000 | - |
| Mandatory cash reserve | <u>31,569,484</u> | <u>38,133,794</u> |
| Total balances at central banks | <u>72,869,348</u> | <u>53,825,702</u> |
| Total cash and balances at central banks | <u>96,851,544</u> | <u>71,264,135</u> |

- Except for the cash reserve with the Central Bank of Jordan, there are no restricted balances as of 31 December 2020 (JD 10,635,000 as of 31 December 2019).
- There are no balances matured in more than three months as of 31 December 2020 and 2019.
- There are no certificates of deposits as of 31 December 2020 and 31 December 2019.

The movement of balances with central banks is as follows:

| Item | Stage 1 (Individual) | Stage 2 (Individual) | Stage 3 | Total | |
|--|-------------------------|-------------------------|---------|---------------------|---------------------|
| | | | | 31 December 2020 | 31 December 2019 |
| | JD | JD | JD | JD | JD |
| Total balance at the beginning of the year | 53,825,702 | - | - | 53,825,702 | 71,068,130 |
| New balances during the year | 25,000,000 | - | - | 25,000,000 | 3,388,248 |
| Settled balances | - | - | - | - | (761,369) |
| Changes resulting from adjustments | (5,956,354) | - | - | (5,956,354) | 14,604,254 |
| Transferred to assets held for sale | = | = | = | = | (34,473,561) |
| Total balance at the end of the year | <u>72,869,348</u> | = | = | <u>72,869,348</u> | <u>53,825,702</u> |

- There are no transfers between the stages (stage 1 stage 2, and stage 3) or any written off balances for the year ended 31 December 2020 and 2019.

(5) Balances At Banks and Financial Institutions

| Item | Banks and Financial Institutions | | | | Total | |
|---|----------------------------------|-------------------|-------------------|------------------|-------------------|-------------------|
| | Local | | Foreign | | Total | |
| | 31 December | | 31 December | | 31 December | |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | JD | JD | JD | JD | JD | JD |
| Current and call accounts | 29,671 | 29,671 | 10,344,882 | 7,292,860 | 10,374,553 | 7,322,531 |
| Deposits maturing within a period of 3 months or less | 35,659,000 | 29,143,000 | 3,827,953 | 255,680 | 39,486,953 | 29,398,680 |
| Deposits maturing more than one year | = | = | <u>30,000,000</u> | = | <u>30,000,000</u> | = |
| Total | 35,688,671 | 29,172,671 | 44,172,835 | 7,548,540 | 79,861,506 | 36,721,211 |
| Less: ECL charged for the year | <u>(17,786)</u> | <u>(77,995)</u> | <u>(525,447)</u> | <u>(677)</u> | <u>(543,233)</u> | <u>(78,672)</u> |
| | <u>35,670,885</u> | <u>29,094,676</u> | <u>43,647,388</u> | <u>7,547,863</u> | <u>79,318,273</u> | <u>36,642,539</u> |

- Total balances at banks and financial institutions that are not interest bearing are JD 9,831,321 as of 31 December 2020 and (JD 7,243,783 as of 31 December 2019).
- Total Balance at Banks and financial institutions that are matured in more than three months are 30,000,000 as of 31 December 2020 (Zero as of 31 December 2019).
- There are no restricted balances as of 31 December 2020 and 2019.

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

| Item | 2020 | | | | 2019 |
|--------------|--------------------------|----------------------|----------|--------------------------|--------------------------|
| | Stage 1 (Individual) | Stage 2 (Individual) | Stage 3 | Total | Total |
| | JD | JD | JD | JD | JD |
| -4 | - | - | - | - | 255,752 |
| +6 | 79,861,506 | - | - | 79,861,506 | 4,963,000 |
| Not rated | = | = | = | = | <u>31,502,459</u> |
| Total | <u>79,861,506</u> | = | = | <u>79,861,506</u> | <u>36,721,211</u> |

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

| Item | | | | Total | |
|---------------------------------------|--------------------------|----------------------|----------|--------------------------|--------------------------|
| | Stage 1 (Individual) | Stage 2 (Individual) | Stage 3 | 31 December 2020 | 31 December 2019 |
| | JD | JD | JD | JD | JD |
| Balance at the beginning of the year | 36,721,211 | - | - | 36,721,211 | 62,165,718 |
| New balances during the year | 55,290,395 | - | - | 55,290,395 | 21,550,449 |
| Settled balances | (23,437,358) | - | - | (23,437,358) | (49,287,791) |
| Changes resulting from adjustments | 11,287,258 | - | - | 11,287,258 | 24,010,227 |
| Transferred to assets held for sale | = | = | = | = | <u>(21,717,392)</u> |
| Balance at the end of the year | <u>79,861,506</u> | = | = | <u>79,861,506</u> | <u>36,721,211</u> |

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

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

| Item | 2020 | | | 2019 |
|--|-----------------------|----------------------|----------|-----------------------|
| | Stage 1 (Individual) | Stage 2 (Individual) | Stage 3 | Total |
| | JD | JD | JD | JD |
| Balance at the beginning of the year | 78,672 | - | - | 78,672 |
| ECL for new balances during the year | 532,854 | - | - | 532,854 |
| Recoveries from ECL related to repaid balances | (77,995) | - | - | (77,995) |
| Changes resulting from adjustments | 9,702 | - | - | 9,702 |
| Transferred to assets held for sale | = | = | = | = |
| Balance at the end of the year | <u>543,233</u> | = | = | <u>543,233</u> |

(6) Direct Credit Facilities

The details of this item are as follows:

| | 31 December | |
|--|---------------------------|---------------------------|
| | 2020 | 2019 |
| Individuals (retail): | JD | JD |
| Overdraft accounts | 625,721 | 364,664 |
| Loans and promissory notes * | 194,412,145 | 180,269,792 |
| Credit Cards | 4,520,314 | 4,274,929 |
| Real Estate Loans | 118,674,013 | 121,834,039 |
| Companies: | | |
| A - Large: | | |
| Overdraft accounts | 62,750,734 | 76,344,157 |
| Loans and promissory notes * | 302,268,633 | 276,490,443 |
| B- SMEs: | | |
| Overdraft accounts | 13,063,156 | 16,162,824 |
| Loans and promissory notes * | 47,171,682 | 34,570,961 |
| Government and Public Sector | <u>47,995,838</u> | <u>20,742,691</u> |
| Total | 791,482,236 | 731,054,500 |
| (Less): Provision for expected credit losses | (58,732,454) | (47,974,854) |
| Interest in suspense | <u>(18,848,757)</u> | <u>(14,079,271)</u> |
| Net direct credit facilities | <u>713,901,025</u> | <u>669,000,375</u> |

* Totals after deducting interest and commissions received in advance are JD 1,539,428 as of 31 December 2020 (2,930,594 JD of 31 December 2019).

- Non-Performing Credit Facilities amounted to JD 89,052,218 make up 11/25% of total direct credit facilities as of 31 December 2020 (JD 84,627,492 representing 11/58% of total direct credit facilities as of 31 December 2019).
- Non-Performing Credit Facilities Net of Interest and Commissions in Suspense amounting to JD 70,601,202 make up 9/1% of total direct credit facilities balance as of 31 December 2020 (JD 70,617,431 make up 9/85% of total credit facilities as of 31 December 2019).
- Direct Credit Facilities include facilities granted that are guaranteed by the Government of Jordan amounting to JD 30,000,000 as of 31 December 2020 (JD 2,500,000 as of 31 December 2019).

The movement on direct credit facilities collectively as of 31 December 2020 is as follows:

| Item | 2020 | | | 2019 | |
|--|-------------------------------|-------------------------------|--------------------------|---------------------------|---------------------------|
| | Stage 1 (individual) JD | Stage 2 (individual) JD | Stage 3 JD | Total JD | Total JD |
| Balance at the beginning of the year | 479,886,104 | 166,540,900 | 84,627,496 | 731,054,500 | 804,702,050 |
| New credit facilities during the year | 89,913,139 | 5,860,910 | 466,288 | 96,240,337 | 102,966,810 |
| Settled credit facilities | (38,336,536) | (12,407,852) | (1,169,165) | (51,913,553) | (47,956,843) |
| Transferred to stage 1 | 145,382,890 | (135,191,169) | (10,191,721) | - | - |
| Transferred to stage 2 | (32,931,180) | 37,892,111 | (4,960,931) | - | - |
| Transferred to stage 3 | (5,029,600) | (15,706,580) | 20,736,180 | - | - |
| Changes resulting from adjustments | (8,034,002) | 24,590,883 | (413,878) | 16,143,003 | (38,929,088) |
| Written-off credit facilities | - | - | (42,051) | (42,051) | (266,036) |
| Listed in the regularly accounts off statement of financial position | - | - | - | - | (16,945,960) |
| Transferred to assets held for sale | - | - | - | - | (72,516,433) |
| Balance at the end of the year | <u>630,850,815</u> | <u>71,579,203</u> | <u>89,052,218</u> | <u>791,482,236</u> | <u>731,054,500</u> |

The movement on the provision for expected credit losses collectively and individually as of 31 December 2020 is as follows:

| Item | 2020 | | | | | | 2019 Total JD |
|--|-------------------------|------------------|-------------------------|-------------------|-------------------|----|---------------------|
| | Stage 1 (individual) | | Stage 2 (individual) | | Stage 3 | | |
| | JD | JD | JD | JD | JD | JD | |
| Balance at the beginning of the year | 4,848,220 | 1,774,481 | 41,352,153 | 47,974,854 | 59,143,438 | | |
| New credit facilities during the year | 295,279 | 80,171 | 273,696 | 649,146 | 1,349,008 | | |
| Settled credit facilities | (394,597) | (57,238) | (290,215) | (742,050) | (1,617,431) | | |
| Transferred to stage 1 | 950,397 | (923,585) | (26,812) | - | - | | |
| Transferred to stage 2 | (284,087) | 379,745 | (95,658) | - | - | | |
| Transferred to stage 3 | (90,590) | (144,067) | 234,657 | - | - | | |
| Effect on provision resulting from reclassification among the three stages | - | 625,170 | 3,700,984 | 4,326,154 | 5,661,444 | | |
| Changes resulting from adjustments | (2,309,215) | 2,833,161 | 6,017,772 | 6,541,718 | (2,922,198) | | |
| Written-off credit facilities | - | - | (17,368) | (17,368) | (43,550) | | |
| Listed in the regularly accounts off statement of financial position | - | - | - | - | (9,006,547) | | |
| Transferred to assets held for sale | = | = | = | = | (4,589,310) | | |
| Balance at the end of the year | 3,015,407 | 4,567,838 | 51,149,209 | 58,732,454 | 47,974,854 | | |

The movement on the provision for expected credit losses during the year ended 31 December 2020 and 2019 is as follows:

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

* During 2020, an amount of JD 17,368 was written-off from non-performing direct credit facilities according to the Board of Directors' decision (JD 43,559 for the year 2019).
 ***During 2020, non-performing credit facilities of were transferred out from the statement of financial position (JD 9,006,547 for the year 2019).

*** Direct credit facilities JD 124,790,590 , interest in suspense of JD 76,419,875, and their related provision of JD 48,370,715 as of 31 December 2020, were listed in regulatory accounts off the statement of financial position according to the Board of Directors' decision as these accounts are completely covered as of the date of the financial statements.

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

- The amount of provisions that are no longer required due to the settlements or repayments of debts transferred against other debts is JD 9,965,256 as of 31 December 2020 (JD 12,250,543 as of 31 December 2019).

| | Retail | | Real Estate | | Corporate | | SME's | | Governmental and Public | | Total | |
|---|--------------------------|-------------------------|--------------------------|-------------------------|----------------------|--------------------------|-------|----|-------------------------|----|-------|----|
| | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD |
| For the year ended 31 December 2019 | | | | | | | | | | | | |
| Balance at the beginning of the year | 14,177,909 | 1,754,880 | 39,451,016 | 3,552,067 | 207,566 | 59,143,438 | | | | | | |
| ECL for new facilities during the year | 796,606 | 115,646 | 266,316 | 90,046 | 80,395 | 1,349,009 | | | | | | |
| Recoveries from ECL related to settled facilities | (741,000) | (200,742) | (413,813) | (261,876) | - | (1,617,431) | | | | | | |
| Transferred to stage 1 | (17,659) | (64,584) | (2,027,635) | (31,314) | - | (2,141,192) | | | | | | |
| Transferred to stage 2 | (35,780) | 56,440 | 2,584,353 | (35,238) | - | 2,569,775 | | | | | | |
| Transferred to stage 3 | 53,438 | 8,144 | (556,718) | 66,552 | - | (428,584) | | | | | | |
| Effect on provision resulting from reclassification among the three stages | 256,672 | 213,266 | 2,506,895 | 2,684,611 | - | 5,661,444 | | | | | | |
| Changes resulting from adjustments | 344,430 | 43,649 | (3,072,419) | (138,519) | (99,330) | (2,922,189) | | | | | | |
| Written-off credit facilities | (43,559) | - | - | - | - | (43,559) | | | | | | |
| Expected credit losses provision transferred to off statement of financial position regulatory accounts | (2,539,265) | (566) | (5,746,750) | (719,966) | - | (9,006,547) | | | | | | |
| Listed in the regularly accounts off statement of financial position | (1,488,048) | (148,707) | (1,738,365) | (1,120,177) | (94,013) | (4,589,310) | | | | | | |
| Balance at the end of the year | <u>10,763,744</u> | <u>1,777,426</u> | <u>31,252,880</u> | <u>4,086,186</u> | <u>94,618</u> | <u>47,974,854</u> | | | | | | |
| Re-allocation: | | | | | | | | | | | | |
| Provision on an individual basis | 10,763,744 | 1,777,426 | 31,252,880 | 4,086,186 | 94,618 | 47,974,854 | | | | | | |
| Provision on a collective basis | - | - | - | - | - | - | | | | | | |
| Total | <u>10,763,744</u> | <u>1,777,426</u> | <u>31,252,880</u> | <u>4,086,186</u> | <u>94,618</u> | <u>47,974,854</u> | | | | | | |

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

| Item | 2020 | | | | 2019 |
|--------------|---------------------------|--------------------------|--------------------------|---------------------------|---------------------------|
| | Stage 1 (Individual) | Stage 2 (Individual) | Stage 3 | Total | Total |
| | JD | JD | JD | JD | JD |
| 2 | 200,000 | - | - | 200,000 | - |
| 3 | 2,883,514 | - | - | 2,883,514 | 2,521,978 |
| 3- | 1,633 | - | - | 1,633 | - |
| 4+ | 340,186 | 201,313 | - | 541,499 | 201,773 |
| 4 | 11,953,124 | - | 1,341,373 | 13,294,497 | 13,212,611 |
| 4- | 19,458,123 | 940,046 | - | 20,398,169 | 56,683,252 |
| 5+ | 53,997,415 | 665,811 | 293,654 | 54,956,880 | 45,499,263 |
| 5 | 54,595,435 | 12,624,831 | - | 67,220,266 | 52,919,410 |
| 5- | 58,520,005 | 8,733,985 | - | 67,253,990 | 36,253,888 |
| 6+ | 27,398,502 | 6,876,636 | - | 34,275,138 | 49,133,572 |
| 6 | 15,043,095 | 9,817,817 | 365,740 | 25,226,652 | 22,430,533 |
| 6- | 10,462,122 | 524,370 | - | 10,986,492 | 14,951,802 |
| 7+ | - | 3,212,850 | - | 3,212,850 | 5,496,366 |
| 7 | - | 2,919,532 | - | 2,919,532 | 241,048 |
| 8 | - | - | 323,786 | 323,786 | 1,094,577 |
| 9 | - | - | 4,070,488 | 4,070,488 | 5,114,216 |
| 10 | - | - | 50,352,174 | 50,352,174 | 43,143,884 |
| Not rated | <u>7,043,368</u> | <u>3,432</u> | - | <u>7,046,800</u> | <u>4,081,827</u> |
| Total | <u>261,896,522</u> | <u>46,520,623</u> | <u>56,747,215</u> | <u>365,164,360</u> | <u>352,980,000</u> |

The movement on corporate facilities as of 31 December 2020 is as follows:

| Item | 2020 | | | | 2019 |
|--|--------------------|--------------------|-------------------|--------------------|--------------------|
| | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total | Total |
| | JD | JD | JD | JD | JD |
| Balance at the beginning of the year | 160,713,020 | 139,612,293 | 52,654,687 | 352,980,000 | 386,402,173 |
| New facilities during the year | 10,789,843 | 2,825,837 | 208 | 13,615,888 | 33,103,442 |
| Settled facilities | (11,256,742) | (8,325,594) | (691,962) | (20,274,298) | (12,646,982) |
| Transferred to stage 1 | 124,253,325 | (123,053,012) | (1,200,313) | - | - |
| Transferred to stage 2 | (18,525,994) | 22,294,744 | (3,768,750) | - | - |
| Transferred to stage 3 | (116,745) | (10,906,056) | 11,022,801 | - | - |
| Changes resulting from adjustments | (3,960,185) | 24,072,411 | (1,269,456) | 18,842,770 | (19,524,955) |
| Listed in the regularly accounts off statement of financial position | - | - | - | - | (12,253,899) |
| Transferred to assets held for sale | = | = | = | = | (22,099,779) |
| Balance at the end of the year | <u>261,896,522</u> | <u>46,520,623</u> | <u>56,747,215</u> | <u>365,164,360</u> | <u>352,980,000</u> |

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

| Item | 2020 | | | | 2019 |
|---|--------------------|--------------------|-------------------|-------------------|-------------------|
| | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total | Total |
| | JD | JD | JD | JD | JD |
| Balance at the beginning of the year | 867,986 | 1,596,427 | 28,788,467 | 31,252,880 | 39,457,146 |
| ECL for new facilities during the year | 15,571 | 7,589 | 202 | 23,362 | 266,316 |
| Recoveries from ECL related to settled facilities | (65,639) | (41,653) | (119,984) | (227,276) | (413,813) |
| Transferred to stage 1 | 811,777 | (805,590) | (6,187) | - | - |
| Transferred to stage 2 | (82,745) | 120,497 | (37,752) | - | - |
| Transferred to stage 3 | (2,887) | (81,349) | 84,236 | - | - |
| Effect on provision resulting from reclassification among the three stages for the year | - | (121,731) | 2,456,366 | 2,334,635 | 2,506,895 |
| Changes resulting from adjustments | (44,195) | 2,654,120 | 3,770,351 | 6,380,276 | (3,078,549) |
| Listed in the regularly accounts off statement of financial position | - | - | - | - | (5,746,750) |
| Transferred to assets held for sale | = | = | = | = | (1,738,365) |
| Balance at the end of the year | <u>1,499,868</u> | <u>3,328,310</u> | <u>34,935,699</u> | <u>39,763,877</u> | <u>31,252,880</u> |

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

| Item | 2020 | | | | 2019 |
|--------------|--------------------------|-------------------------|--------------------------|--------------------------|--------------------------|
| | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total | Total |
| | JD | JD | JD | JD | JD |
| 3+ | 157 | - | - | 157 | - |
| 3- | 3,921 | - | - | 3,921 | - |
| 4+ | 250,250 | - | - | 250,250 | - |
| 4 | 4,217,609 | 1,531,327 | 38,733 | 5,787,669 | 5,524,840 |
| 4- | 5,493,299 | 505,984 | 11,870 | 6,011,153 | 7,361,843 |
| 5+ | 14,308,630 | 1,766,946 | 42,626 | 16,118,202 | 13,005,800 |
| 5 | 9,001,478 | 335,332 | 300,725 | 9,637,535 | 3,291,958 |
| 5- | 4,796,427 | - | 447,655 | 5,244,082 | 2,377,816 |
| 6+ | 5,017,129 | 715,026 | 622,945 | 6,355,100 | 3,324,097 |
| 6 | 1,766,908 | 186,700 | - | 1,953,608 | 1,303,229 |
| 6- | 176,467 | 71,972 | - | 248,439 | 876,036 |
| 7+ | - | 303,478 | - | 303,478 | 293,940 |
| 7 | - | 15,747 | 74,845 | 90,592 | 25,524 |
| 7- | - | 35,368 | - | 35,368 | 714,091 |
| 8 | - | - | 9,383 | 9,383 | 2,816,961 |
| 9 | - | - | 6,194 | 6,194 | 1,257,690 |
| 10 | - | 78 | 9,183,405 | 9,183,483 | 4,463,859 |
| Not rated | (684,643) | - | - | (684,643) | 4,728,721 |
| Total | <u>44,347,632</u> | <u>5,467,958</u> | <u>10,738,381</u> | <u>60,553,971</u> | <u>51,366,405</u> |

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

| Item | 2020 | | | | 2019 |
|--|--------------------------|-------------------------|--------------------------|--------------------------|--------------------------|
| | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total | Total |
| | JD | JD | JD | JD | JD |
| Balance at the beginning of the year | 31,099,007 | 10,319,729 | 9,947,669 | 51,366,405 | 72,109,692 |
| New facilities during the year | 12,554,663 | 1,858,753 | 41,731 | 14,455,147 | 7,982,295 |
| Settled facilities | (5,198,232) | (2,311,737) | (299,672) | (7,809,641) | (9,194,263) |
| Transferred to stage 1 | 5,360,691 | (3,979,944) | (1,380,747) | - | - |
| Transferred to stage 2 | (1,099,249) | 1,248,124 | (148,875) | - | - |
| Transferred to stage 3 | (149,744) | (1,965,910) | 2,115,654 | - | - |
| Changes resulting from adjustments | 1,780,496 | 298,943 | 470,179 | 2,549,618 | (5,073,957) |
| Written-off facilities | - | - | (7,558) | (7,558) | (158,618) |
| Listed in the regularly accounts off statement of financial position | - | - | - | - | (1,279,640) |
| Transferred to assets held for sale | = | = | = | = | (13,019,104) |
| Balance at the end of the year | <u>44,347,632</u> | <u>5,467,958</u> | <u>10,738,381</u> | <u>60,553,971</u> | <u>51,366,405</u> |

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

| Item | 2020 | | | | 2019 |
|---|--------------------|--------------------|------------------|------------------|--------------------|
| | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total | Total |
| | JD | JD | JD | JD | JD |
| Balance at the beginning of the year | 94,316 | 35,110 | 3,956,760 | 4,086,186 | 3,567,459 |
| ECL for new facilities during the year | <u>91,262</u> | <u>17,197</u> | <u>10,361</u> | <u>118,820</u> | <u>90,046</u> |
| Recoveries from ECL related to settled facilities | (38,221) | (3,822) | (129,909) | (171,952) | (261,876) |
| Transfer to stage 1 | 21,952 | (18,809) | (3,143) | - | - |
| Transfer to stage 2 | (3,072) | 17,522 | (14,450) | - | - |
| Transfer to stage 3 | (1,216) | (7,095) | 8,311 | - | - |
| Effect on provision resulting from reclassification among the three stages for the year | - | 8,638 | 377,780 | 386,418 | 2,669,219 |
| Changes resulting from adjustments | 59,176 | 76,541 | 571,912 | 707,629 | (138,519) |
| Listed in the regularly accounts off statement of financial position | - | - | - | - | (719,966) |
| Transferred to assets held for sale | - | - | - | - | <u>(1,120,177)</u> |
| Balance at the end of the year | <u>224,197</u> | <u>125,282</u> | <u>4,777,622</u> | <u>5,127,101</u> | <u>4,086,186</u> |

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

| Item | 2020 | | | | 2019 |
|-------------------|--------------------|------------------|-------------------|--------------------|--------------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Total |
| | JD | JD | JD | JD | JD |
| Credit cards | 3,343,051 | 224,922 | 488,215 | 4,056,188 | 3,496,909 |
| Overdraft account | 434,092 | 6,424 | 185,205 | 625,721 | 364,664 |
| Car | 11,092,397 | 2,147,216 | 1,794,970 | 15,034,583 | 16,376,511 |
| loans | <u>161,515,527</u> | <u>7,011,973</u> | <u>10,850,062</u> | <u>179,377,562</u> | <u>163,893,291</u> |
| | <u>176,385,067</u> | <u>9,390,535</u> | <u>13,318,452</u> | <u>199,094,054</u> | <u>184,131,375</u> |

The movement on credit facilities for individuals during the year ended 31 December 2020 was as follows:

| Item | 2020 | | | | 2019 |
|--|--------------------|--------------------|-------------------|--------------------|---------------------|
| | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total | Total |
| | JD | JD | JD | JD | JD |
| Balance at the beginning of the year | 170,462,365 | 3,351,581 | 10,317,419 | 184,131,365 | 189,193,654 |
| New facilities during the year | 30,539,126 | 895,323 | 424,242 | 31,858,691 | 39,720,086 |
| Settled facilities | (13,333,800) | (335,044) | (73,000) | (13,741,844) | (21,576,262) |
| Transferred to stage 1 | 2,053,660 | (964,692) | (1,088,968) | - | - |
| Transferred to stage 2 | (7,207,125) | 7,795,056 | (587,931) | - | - |
| Transferred to stage 3 | (3,191,619) | (1,121,336) | 4,312,955 | - | - |
| Changes resulting from adjustments | (2,937,540) | (230,353) | 34,516 | (3,133,377) | (6,374,746) |
| Written-off credit facilities | - | - | (20,781) | (20,781) | (62,517) |
| Listed in the regularly accounts off statement of financial position | - | - | - | - | (3,345,125) |
| Transferred to assets held for sale | - | - | - | - | <u>(13,423,725)</u> |
| Balance at the end of the year | <u>176,385,067</u> | <u>9,390,535</u> | <u>13,318,452</u> | <u>199,094,054</u> | <u>184,131,365</u> |

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

| Item | 2020 | | | | 2019 |
|--|--------------------|--------------------|------------------|-------------------|-------------------|
| | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total | Total |
| | JD | JD | JD | JD | JD |
| Balance at the beginning of the year | 3,435,788 | 76,632 | 7,251,324 | 10,763,744 | 14,156,387 |
| ECL for new facilities during the year | 177,290 | 43,918 | 263,047 | 484,255 | 796,605 |
| Recoveries from ECL related to settled facilities | (233,865) | (5,939) | (35,222) | (275,026) | (741,000) |
| Transferred to stage 1 | 15,558 | (8,238) | (7,320) | - | - |
| Transferred to stage 2 | (164,545) | 201,693 | (37,148) | - | - |
| Transferred to stage 3 | (80,412) | (29,467) | 109,879 | - | - |
| Effect on provision- resulting from reclassification among the three stages for the year | - | 254,600 | 1,109,357 | 1,363,957 | 256,672 |
| Changes resulting from adjustments | (2,141,854) | 19,636 | 309,680 | (1,812,538) | 365,952 |
| Written-off credit facilities | - | - | (13,121) | (13,121) | (43,559) |
| Listed in the regularly accounts off statement of financial position | - | - | - | - | (2,539,265) |
| Transferred to assets held for sale | = | = | = | = | (1,488,048) |
| Balance at the end of the year | <u>1,007,960</u> | <u>552,835</u> | <u>8,950,476</u> | <u>10,511,271</u> | <u>10,763,744</u> |

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

| Item | 2020 | | | | 2019 |
|--------------|---------------------------|--------------------------|-------------------------|---------------------------|---------------------------|
| | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total | Total |
| | JD | JD | JD | JD | JD |
| 3 | 211,731 | - | - | 211,731 | 282,000 |
| 3- | 58,506 | - | - | 58,506 | 167,187 |
| 4+ | 87,611 | - | - | 87,611 | 112,218 |
| 4 | 4,557,514 | 36,703 | - | 4,594,217 | 1,350,613 |
| 4- | 17,766,505 | - | - | 17,766,505 | 34,501,615 |
| 5+ | 4,377,302 | 485,925 | - | 4,863,227 | 6,118,488 |
| 5 | 3,249,688 | 1,002,159 | - | 4,251,847 | 1,628,490 |
| 5- | 1,403,635 | - | - | 1,403,635 | 4,680,025 |
| 6+ | 15,636,498 | 2,596,890 | 1,996,274 | 20,229,662 | 4,093,614 |
| 6 | 35,574 | 77,534 | - | 113,108 | 129,727 |
| 6- | 2,190,994 | - | - | 2,190,994 | 1,273,878 |
| 7+ | - | 11 | - | 11 | - |
| 8 | - | - | 529,263 | 529,263 | 790,694 |
| 9 | - | 349 | 249,201 | 249,550 | 192,198 |
| 10 | - | 7 | 4,654,162 | 4,654,169 | 4,688,515 |
| Not rated | <u>50,650,365</u> | <u>6,000,509</u> | <u>819,103</u> | <u>57,469,977</u> | <u>61,824,777</u> |
| Total | <u>100,225,923</u> | <u>10,200,087</u> | <u>8,248,003</u> | <u>118,674,013</u> | <u>121,834,039</u> |

The movement on credit facilities for real estate during the year ended 31 December 2020 was as follows:

| Item | 2020 | | | | 2019 |
|--|--------------------|--------------------|------------------|--------------------|--------------------|
| | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total | Total |
| | JD | JD | JD | JD | JD |
| Balance at the beginning of the year | 96,869,021 | 13,257,297 | 11,707,721 | 121,834,039 | 122,849,817 |
| New facilities during the year | 6,029,506 | 280,997 | - | 6,310,503 | 17,280,173 |
| Settled facilities | (6,047,739) | (1,435,477) | (104,531) | (7,587,747) | (4,539,328) |
| Transferred to stage 1 | 13,715,214 | (7,193,521) | (6,521,693) | - | - |
| Transferred to stage 2 | (6,098,812) | 6,554,187 | (455,375) | - | - |
| Transferred to stage 3 | (1,571,432) | (1,713,278) | 3,284,710 | - | - |
| Changes resulting from adjustments | (2,669,835) | 449,882 | 350,883 | (1,869,070) | (4,030,180) |
| Written-off credit facilities | - | - | (13,712) | (13,712) | (44,901) |
| Listed in the regularly accounts off statement of financial position | - | - | - | - | (67,296) |
| Transferred to assets held for sale | = | = | = | = | (9,614,246) |
| Balance at the end of the year | <u>100,225,923</u> | <u>10,200,087</u> | <u>8,248,003</u> | <u>118,674,013</u> | <u>121,834,039</u> |

The movement on the provision for credit loss for real estate credit facilities during the year ended 31 December 2020 was as follows:

| Item | 2020 | | | | 2019 |
|---|--------------------|--------------------|--------------------|------------------|------------------|
| | Stage 1 Individual | Stage 2 Individual | Stage 3 Individual | Total | Total |
| | JD | JD | JD | JD | JD |
| Balance at beginning of the year | 355,512 | 66,312 | 1,355,602 | 1,777,426 | 1,754,880 |
| ECL for new facilities during the year | <u>11,156</u> | <u>11,467</u> | - | <u>22,623</u> | <u>115,646</u> |
| Recoveries from ECL related to settled facilities | (56,870) | (5,824) | (5,100) | (67,794) | (200,742) |
| Transferred to stage 1 | 101,110 | (90,948) | (10,162) | - | - |
| Transferred to stage 2 | (33,725) | 40,033 | (6,308) | - | - |
| Transferred to stage 3 | (6,068) | (26,156) | 32,224 | - | - |
| Effect on provision-resulting from reclassification among the three stages for the year | - | 483,663 | (242,512) | 241,151 | 213,266 |
| Changes resulting from adjustments | (124,907) | 82,864 | 1,365,829 | 1,323,786 | 43,649 |
| Written-off credit facilities | - | - | (4,247) | (4,247) | - |
| Listed in the regularly accounts off statement of financial position | - | - | - | - | (566) |
| Transferred to assets held for sale | = | = | = | = | (148,707) |
| Balance at the end of the year | <u>246,208</u> | <u>561,411</u> | <u>2,485,326</u> | <u>3,292,945</u> | <u>1,777,426</u> |

The distribution of total credit facilities according to the bank's internal credit rating for the government and public sector was:

| Item | 2020 | | | | 2019 |
|--------------|--------------------------|--------------------|-------------------|--------------------------|--------------------------|
| | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total | Total |
| | JD | JD | JD | JD | JD |
| 1 | 5,000,000 | - | 60 | 5,000,060 | - |
| 4 | 312,433 | - | - | 312,433 | - |
| 4- | - | - | - | - | 15,861,817 |
| 5+ | 8,261,798 | - | - | 8,261,798 | - |
| 5 | 30,000,000 | - | - | 30,000,000 | - |
| 5- | 4,421,439 | - | - | 4,421,439 | - |
| 6+ | - | - | - | - | 4,880,791 |
| 8 | - | - | 83 | 83 | - |
| 9 | - | - | 22 | 22 | - |
| 10 | - | - | - | - | 21 |
| Not rated | <u>1</u> | <u>=</u> | <u>2</u> | <u>3</u> | <u>62</u> |
| Total | <u>47,995,671</u> | <u>=</u> | <u>167</u> | <u>47,995,838</u> | <u>20,742,691</u> |

The movement on credit facilities for the government and public sector during the year ended 31 December 2020 was as follows:

| Item | 2020 | | | | 2019 |
|--------------------------------------|--------------------|--------------------|------------|-------------------|-------------------|
| | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total | Total |
| | JD | JD | JD | JD | JD |
| Balance at beginning of the year | 20,742,691 | - | - | 20,742,691 | 34,146,714 |
| New facilities during the year | 30,000,001 | - | 107 | 30,000,108 | 4,880,814 |
| Settled facilities | (2,500,023) | - | - | (2,500,023) | (7) |
| Transferred to stage 3 | (60) | - | 60 | - | - |
| Changes resulting from adjustments | (246,938) | - | - | (246,938) | (3,925,251) |
| Transferred to assets held for sale | = | = | = | = | (14,359,579) |
| Total balance at the end of the year | <u>47,995,671</u> | <u>=</u> | <u>167</u> | <u>47,995,838</u> | <u>20,742,691</u> |

The movement on the provision for expected credit loss for the government credit facilities as of 31 December 2020 was as follows:

| Item | 2020 | | | | 2019 |
|---|--------------------|--------------------|-----------|---------------|---------------|
| | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total | Total |
| | JD | JD | JD | JD | JD |
| Balance at the beginning of the year | 94,618 | - | - | 94,618 | 207,566 |
| ECL for new facilities during the year | - | - | 86 | 86 | 80,395 |
| Recoveries from ECL related to settled facilities | (2) | - | - | (2) | - |
| Transferred to stage 3 | (7) | - | 7 | - | - |
| Effect on provision-resulting from reclassification among the three stages for the year | - | - | (7) | (7) | - |
| Changes resulting from adjustments | (57,435) | - | - | (57,435) | (99,330) |
| Transferred to assets held for sale | = | = | = | = | (94,013) |
| Total balance at the end of the year | <u>37,174</u> | <u>=</u> | <u>86</u> | <u>37,260</u> | <u>94,618</u> |

Suspended Interests

The movement on suspended interests is as follows:

For the year ended in 31 December 2020

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

For the year ended in 31 December 2019

| | Companies | | | | | Total |
|--|------------------|-------------------|------------------|----------------------------|------------|--------------------|
| | Individuals | Real estate loans | Corporates | Small and medium Companies | Government | |
| | JD | JD | JD | JD | JD | |
| Balance at the beginning of the year | 1,893,506 | 1,136,321 | - | 2,192,005 | - | 17,684,794 |
| Add: Interests in suspense for the year | 987,411 | 450,378 | 3,927,138 | 1,421,527 | - | 6,786,454 |
| Less: Interests transferred to revenues | (394,966) | (218,994) | (136,513) | (120,203) | - | (870,676) |
| Interests in suspense written-off | (18,958) | (44,901) | - | (158,618) | - | (222,477) |
| Interests in suspense transferred to regulatory accounts off the statement of financial position | (824,996) | (67,065) | - | (597,320) | - | (7,996,531) |
| Transferred to assets held for sale | <u>(329,444)</u> | - | - | <u>(972,849)</u> | - | <u>(1,302,293)</u> |
| Balance at the end of the year | <u>1,312,553</u> | <u>1,255,739</u> | <u>9,746,437</u> | <u>1,764,542</u> | = | <u>14,079,271</u> |

(7) Financial Assets at fair Value Through Profit or Loss

The details of this item are as follows:

| | 31 December | |
|---------------------------------|-------------------------|-------------------------|
| | 2020 | 2019 |
| | JD | JD |
| Quoted shares in active markets | <u>1,645,923</u> | <u>1,876,382</u> |
| Total | <u>1,645,923</u> | <u>1,876,382</u> |

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

The details of this item are as follows:

| | 31 December | |
|---|-------------------|-------------------|
| | 2020 | 2019 |
| | JD | JD |
| Quoted shares in active markets | 23,954,878 | 6,090,959 |
| Unquoted shares in active markets | <u>5,098,235</u> | <u>5,014,978</u> |
| Total financial assets at fair value through other comprehensive income | <u>29,053,113</u> | <u>11,105,937</u> |

- Realized profit from the sale of shares at fair value through other comprehensive income amounted to 134,775 JD for the year ended 31 December 2020 and realized profit from sale debt instrument through other comprehensive income amounted 124,075 JD. The profit was directly recorded in retained earnings within owners' equity (realized loss of zero for the year ended 31 December 2019).

- Cash dividends for the above investments amounted to JD 211,409 for the year ended 31 December 2020 (JD 238,853 for the year ended 31 December 2019).

(9) Financial Assets at Amortized Cost, net

The details of this item are as follows:

| | 31 December | |
|---|---------------------------|---------------------------|
| | 2020 | 2019 |
| | JD | JD |
| Treasury bonds and bills – Central Bank of Jordan | 278,403,731 | 272,205,188 |
| Government guaranteed bonds and debentures | - | - |
| Companies' bonds and debentures | <u>4,573,055</u> | <u>5,036,000</u> |
| Total | <u>282,976,786</u> | <u>277,241,188</u> |
| Less: Provision for expected credit losses | (633,545) | (507,062) |
| Less: interests in suspense | <u>(137,055)</u> | - |
| Financial assets at amortized cost, net | <u>282,206,186</u> | <u>276,734,126</u> |
| Fixed Income | <u>282,206,186</u> | <u>276,734,126</u> |
| Total | <u>282,206,186</u> | <u>276,734,126</u> |

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

| Item | 2020 | | | | 2019 |
|--------------|---------------------------|-------------------------|-------------------------|---------------------------|---------------------------|
| | Stage 1 (Individual) | Stage 2 (Individual) | Stage 3 | Total | Total |
| | JD | JD | JD | JD | JD |
| 6+ | <u>281,239,731</u> | <u>:</u> | <u>1,737,055</u> | <u>282,976,786</u> | <u>277,241,188</u> |
| Total | <u>281,239,731</u> | <u>:</u> | <u>1,737,055</u> | <u>282,976,786</u> | <u>277,241,188</u> |

The movement of the financial assets at amortized cost as of 31 December 2020 is as follows:

| | 2020 | | | | 2019 |
|---|-----------------------|-----------------------|-----------------------|--------------------|--------------------|
| | Stage 1 Individual | Stage 2 Individual | Stage 3 Individual | Total | Total |
| | JD | JD | JD | JD | JD |
| Fair value at the beginning of the year | 275,641,188 | - | 1,600,000 | 277,241,188 | 303,115,067 |
| New investments during the year | 109,980,523 | - | - | 109,980,523 | 137,353,987 |
| Matured investments | (104,394,027) | - | - | (104,394,027) | (161,673,406) |
| Changes resulting from adjustments | 12,047 | - | 137,055 | 149,102 | (136,460) |
| Transferred to assets held for sale | <u>:</u> | <u>:</u> | <u>:</u> | <u>:</u> | <u>(1,418,000)</u> |
| Total balance at the end of the year | <u>281,239,731</u> | <u>:</u> | <u>1,737,055</u> | <u>282,976,786</u> | <u>277,241,188</u> |

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

| | 2020 | | | | 2019 |
|---|-------------------------|-------------------------|-------------------------|----------------|-----------------|
| | Stage 1 (Individual) | Stage 2 (Individual) | Stage 3 (Individual) | Total | Total |
| | JD | JD | JD | JD | JD |
| Balance at the beginning of the year | 53,874 | - | 453,188 | 507,062 | 83,456 |
| ECL for new balances during the year | - | - | - | - | - |
| Recoveries from ECL related to matured investment | (9,408) | - | - | (9,408) | - |
| Effect of the reclassification between stages | - | - | - | - | 425,145 |
| Changes resulting from adjustments | 4,097 | - | 131,794 | 135,891 | 24,383 |
| Transferred to assets held for sale | <u>:</u> | <u>:</u> | <u>:</u> | <u>:</u> | <u>(25,922)</u> |
| Total balance at the end of the year | <u>48,563</u> | <u>:</u> | <u>584,982</u> | <u>633,545</u> | <u>507,062</u> |

(10) Property and Equipment, Net

The details of this item are as follows:

| | 2020 | Lands | Buildings | Machines and Office Equipment | Decorations | Vehicles | Computers | Payments for Property and Equipment | Total |
|--|------------------|-------------------|-------------------|-------------------------------|----------------|------------------|--------------------|-------------------------------------|-------|
| | | JD | JD | JD | JD | JD | JD | JD | JD |
| Cost: | | | | | | | | | |
| Balance at the beginning of the year | 2,893,110 | 14,521,561 | 9,099,494 | 6,268,709 | 299,074 | 5,031,886 | 1,458,785 | 39,572,619 | |
| Additions | - | - | 10,306 | 22,412 | 14,000 | 38,140 | 1,615,415 | 1,700,273 | |
| Disposals | - | (75,000) | (86,530) | (214,348) | - | (6,409) | (24,742) | (407,029) | |
| (Transfer) from payments for acquisition of property and equipment | <u>:</u> | <u>:</u> | <u>1,290,313</u> | <u>624,786</u> | <u>:</u> | <u>320,011</u> | <u>(2,235,110)</u> | <u>:</u> | |
| Balance at the end of the year | <u>2,893,110</u> | <u>14,446,561</u> | <u>10,313,583</u> | <u>6,701,559</u> | <u>313,074</u> | <u>5,383,628</u> | <u>814,348</u> | <u>40,865,863</u> | |
| Accumulated Depreciation: | | | | | | | | | |
| Balance at the beginning of the year | - | 2,439,701 | 6,226,087 | 4,519,955 | 190,620 | 3,765,859 | - | 17,142,222 | |
| Depreciation for the year | - | 278,854 | 903,119 | 466,543 | 38,880 | 490,746 | - | 2,178,142 | |
| Disposals | <u>:</u> | <u>(22,384)</u> | <u>(84,184)</u> | <u>(214,211)</u> | <u>:</u> | <u>(6,404)</u> | <u>:</u> | <u>(327,183)</u> | |
| Balance at the end of the year | <u>:</u> | <u>2,696,171</u> | <u>7,045,022</u> | <u>4,772,287</u> | <u>229,500</u> | <u>4,250,201</u> | <u>:</u> | <u>18,993,181</u> | |
| Net book value of property and Equipment at the end of the year | <u>2,893,110</u> | <u>11,750,390</u> | <u>3,268,561</u> | <u>1,929,272</u> | <u>83,574</u> | <u>1,133,427</u> | <u>814,348</u> | <u>21,872,682</u> | |
| Depreciation rate % | | 2 | 10-15 | 15 | 15 | 20 | | | |

| 2019 | Lands | | Buildings | | Machines and Office Equipment | | Decorations | | Vehicles | | Computers | | Payments for Property and Equipment | | Total | |
|--|-----------|-------------|-------------|-------------|-------------------------------|-----------|-------------|-------------|----------|----|-----------|----|-------------------------------------|----|-------|----|
| | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD |
| Cost: | | | | | | | | | | | | | | | | |
| Balance the beginning of the year | 2,893,110 | 19,018,667 | 10,260,383 | 6,419,848 | 362,694 | 4,873,126 | 2,065,080 | 45,892,908 | | | | | | | | |
| Additions | - | - | 560,474 | 48,843 | 20,672 | 115,963 | 2,037,558 | 2,783,510 | | | | | | | | |
| Disposals | - | - | (180,909) | (54,986) | - | (152,217) | - | (388,112) | | | | | | | | |
| (Transfer) from payments for acquisition of property and equipment | - | - | 1,159,233 | 967,189 | - | 517,431 | (2,643,853) | - | | | | | | | | |
| Transferred to assets held for sale | - | (4,497,106) | (2,699,687) | (1,112,185) | (84,292) | (322,417) | - | (8,715,687) | | | | | | | | |
| Balance at the end of the year | 2,893,110 | 14,521,561 | 9,099,494 | 6,268,709 | 299,074 | 5,031,886 | 1,458,785 | 39,572,619 | | | | | | | | |
| Accumulated Depreciation: | | | | | | | | | | | | | | | | |
| Balance at the beginning of the year | - | 2,580,106 | 6,418,074 | 5,192,827 | 189,876 | 3,694,186 | - | 18,075,069 | | | | | | | | |
| Depreciation for the year | - | 653,219 | 904,932 | 443,065 | 49,918 | 471,656 | - | 2,522,790 | | | | | | | | |
| Disposals | - | - | (155,919) | (51,417) | - | (152,197) | - | (359,533) | | | | | | | | |
| Balance at the end of the year | - | (793,624) | (941,000) | (1,064,520) | (49,174) | (247,786) | - | (3,096,104) | | | | | | | | |
| Net book value of property and Equipment at the end of the year | - | 2,439,701 | 6,226,087 | 4,519,955 | 190,620 | 3,765,859 | - | 17,142,222 | | | | | | | | |
| Depreciation rate % | 2,893,110 | 12,081,860 | 2,873,407 | 1,748,754 | 108,454 | 1,266,027 | 1,458,785 | 22,430,397 | | | | | | | | |

- Fully depreciated property and equipment amounted to JD 10,208,757 as of 31 December 2020 (JD 9,239,939 as of 31 December 2019)

(11) Intangible Assets, net

The details of this item are as follows:

| | Computers and Software Programs | |
|---|---------------------------------|-----------|
| | 2020 | 2019 |
| | JD | JD |
| Balance at the beginning of the year | 1,855,317 | 2,313,919 |
| Additions during the year | 290,728 | 343,871 |
| Payments for the acquisition of intangible assets | 372,007 | 192,193 |
| Amortization for the year | (424,399) | (552,649) |
| Transferred to assets held for sale | - | (442,017) |
| Balance at the end of the year | 2,093,653 | 1,855,317 |
| Annual amortization percentage % | %20 | %20 |

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

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

| | 2020 | | 2019 | |
|--------------------------------------|--------------|-------------------|--------------|-------------------|
| | Right of use | Lease liabilities | Right of use | Lease liabilities |
| | JD | JD | JD | JD |
| Balance at the beginning of the year | 5,141,936 | 4,538,267 | 6,149,549 | 5,528,615 |
| Additions during the year | 1,091,961 | 1,091,961 | - | - |
| Depreciation for the year | (1,019,175) | - | (1,007,613) | - |
| Terminated Contracts | (95,441) | (95,441) | - | - |
| Paid during the year | - | (1,063,737) | - | (866,011) |
| Interest for the year | - | 359,249 | - | (124,337) |
| Balance as of 31 December 2020 | 5,119,281 | 4,830,299 | 5,141,936 | 4,538,267 |

Analysis of the maturity of the lease liabilities

| | 2020 | 2019 |
|----------------------|------------------|------------------|
| | JD | JD |
| Less than one year | 800,925 | 714,739 |
| One to five year | 3,294,362 | 2,535,421 |
| More than five years | <u>735,012</u> | <u>1,288,107</u> |
| | <u>4,830,299</u> | <u>4,538,267</u> |

(13) Other Assets

The details of this item are as follows:

| | 2020 | 2019 |
|---|---------------------------|---------------------------|
| | JD | JD |
| Accrued interest and revenue | 11,034,406 | 7,884,644 |
| Accounts receivable sold in installments | 10,513,038 | - |
| Prepaid expenses | 1,062,039 | 1,079,518 |
| Assets seized by the Bank against due debts - net ** | 66,042,144 | 87,114,292 |
| Refundable deposits | 1,286,457 | 1,120,991 |
| Clearing cheques | 46,840 | 30,216 |
| Purchase of time withdrawals and letters of credit – net* | 15,029,810 | 34,858,358 |
| Other | <u>3,729,282</u> | <u>2,367,243</u> |
| Total | <u>108,744,016</u> | <u>134,455,262</u> |

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

| Item | 2020 | | | | 2019 |
|--------------|--------------------------|-------------------------|----------|--------------------------|--------------------------|
| | Stage 1 (individual) | Stage 2 (individual) | Stage 3 | Total | Total |
| | JD | JD | JD | JD | JD |
| 4- | - | - | - | - | 24,586.945 |
| 5- | 10,862,969 | - | - | 10,862,969 | 6,968.473 |
| 6+ | 4,350,396 | - | - | 4,350,396 | - |
| 6 | - | - | - | - | <u>3,548.509</u> |
| Total | <u>15,213,365</u> | = | = | <u>15,213,365</u> | <u>35,103,927</u> |

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

| | 2020 | | | | 2019 |
|--------------------------------------|--------------------------|-------------------------|-------------------------|--------------------------|--------------------------|
| | Stage (1) Individual | Stage (2) Individual | Stage (3) Individual | Total | Total |
| | JD | JD | JD | JD | JD |
| Balance at the beginning of the year | 35,103,927 | - | - | 35,103,927 | 9,303,197 |
| New balances during the year | 15,213,365 | - | - | 15,213,365 | 35,103,927 |
| Paid balances | <u>(35,103,927)</u> | = | = | <u>(35,103,927)</u> | <u>(9,303,197)</u> |
| Total | <u>15,213,365</u> | = | = | <u>15,213,365</u> | <u>35,103,927</u> |

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

| | 2020 | | | | 2019 |
|--------------------------------------|-------------------------|-------------------------|-------------------------|------------------|-----------------|
| | Stage (1) Individual | Stage (2) Individual | Stage (3) Individual | Total | Total |
| | JD | JD | JD | JD | JD |
| Balance at the beginning of the year | 245,569 | - | - | 245,569 | 13,495 |
| New balances during the year | 183,555 | - | - | 183,555 | 245,569 |
| Paid balances | <u>(245,569)</u> | = | = | <u>(245,569)</u> | <u>(13,495)</u> |
| Balance at the end of the year | <u>183,555</u> | = | = | <u>183,555</u> | <u>245,569</u> |

There were no transfers between stages (1, 2 and 3) or written-off balances during the year ended 31 December 2020.

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

| | 31 December 2020 | | | | 31 December 2019 |
|---------------------------------------|-------------------|--|----------------|-------------------|-------------------|
| | Seized Properties | Seized properties sold on installments | Seized Shares | Total | Total |
| | JD | JD | JD | JD | JD |
| Balance at beginning of the year, net | 82,400,124 | 3,860,515 | 853,653 | 87,114,292 | 86,362,316 |
| Additions during the year | 4,445,479 | - | - | 4,445,479 | 3,571,616 |
| Disposals during the year | (23,118,580) | (830,992) | - | (23,949,572) | (1,284,975) |
| Transfers | (1,245,455) | 1,245,455 | - | - | - |
| Impairment effect for the year | (1,382,914) | - | (185,141) | (1,568,055) | (1,534,665) |
| Balance at the end of the year | <u>61,098,654</u> | <u>4,274,978</u> | <u>668,512</u> | <u>66,042,144</u> | <u>87,114,292</u> |

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

| | 31 December 2020 | | | | 31 December 2019 |
|---|-------------------|--|----------------|------------------|------------------|
| | Seized Properties | Seized properties sold on installments | Seized Shares | Total | Total |
| | JD | JD | JD | JD | JD |
| Balance – beginning of the year | 6,179,215 | 621,625 | 519,865 | 7,320,705 | 5,278,279 |
| Booked Provision during the year | 1,515,264 | - | - | 1,515,264 | 2,228,920 |
| Utilized from provision during the year | (132,350) | - | (14,893) | (147,243) | (152,911) |
| Unrealized loss (gains) from seized assets shares | - | - | <u>200,034</u> | <u>200,034</u> | <u>(541,344)</u> |
| Balance – end of the year | <u>7,562,129</u> | <u>621,625</u> | <u>705,006</u> | <u>8,888,760</u> | <u>6,812,944</u> |

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

- There is an impairment loss of around JD 7.9 million against seized assets as of 31 December 2018. Pursuant to Letter No. 10/1/43 dated 31 December 2018, the Central Bank of Jordan approved to allocate the impairment amount over five years in equal amounts starting from the year 2019 as the value of deferred provisions as at 31 December 2018 amounted to JD 4.4 million. During 2020, the Bank has revaluated the seized assets after two years passed on its evaluation, and resulted in an increase in its fair value by JD 1.1 million, bringing the value of the deferred provision as at 31 December 2020 JD 3.3 million.

(14) Banks and Financial Institutions Deposits

The details of this item are as follows:

| | 31 December 2020 | | | 31 December 2019 | | |
|---------------------------|-------------------|-------------------|--------------------|-------------------|-------------------|-------------------|
| | Inside Kingdom | Outside Kingdom | Total | Inside Kingdom | Outside Kingdom | Total |
| | JD | JD | JD | JD | JD | JD |
| Current and call accounts | - | 3,490,901 | 3,490,901 | - | 5,002,997 | 5,002,997 |
| Term deposits | <u>49,926,000</u> | <u>49,254,000</u> | <u>99,180,000</u> | <u>71,129,750</u> | <u>11,254,000</u> | <u>82,383,750</u> |
| Total | <u>49,926,000</u> | <u>52,744,901</u> | <u>102,670,901</u> | <u>71,129,750</u> | <u>16,256,997</u> | <u>87,386,747</u> |

Banks' deposits maturing within a period of more than three months amounted to JD 75,000,000 as of 31 December 2020 (JD 60,000,000 as of 31 December 2019).

(15) Customers' Deposits

The details of this item are as follows:

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

| | 31 December 2019 | | | | | |
|---------------------------------|--------------------|--------------------|--------------------|-------------------|------------------------------|-------|
| | Companies | | | | Government and Public Sector | Total |
| | Retail | Corporate | Small and Medium | Total | | |
| | JD | JD | JD | JD | JD | |
| Current and call accounts | 35,804,556 | 25,077,496 | 34,349,564 | 6,261,469 | 101,493,085 | |
| Savings deposits | 163,566,847 | 90,636 | 3,093,229 | 180,138 | 166,930,850 | |
| Certificates of deposit | 33,911,016 | - | 12,000 | - | 33,923,016 | |
| Term deposits subject to notice | <u>318,358,531</u> | <u>79,943,535</u> | <u>75,322,721</u> | <u>60,726,655</u> | <u>534,351,442</u> | |
| Total | <u>551,640,950</u> | <u>105,111,667</u> | <u>112,777,514</u> | <u>67,168,262</u> | <u>836,698,393</u> | |

- The Government of Jordan and the public sector's deposits inside the Kingdom amounted to JD 92,465,771 equivalent to 9.9% of total deposits as of 31 December 2020 (JD 67,168,262 equivalent to 8.03% of total deposits as of 31 December 2019).

- Non-interest-bearing deposits amounted to 99,992,527 JD, equivalent to 10.7% of total deposits as of 31 December 2020 (JD 98,042,179 equivalent to 11.7 % of total deposits as of 31 December 2019).

- Reserved deposits (restricted withdrawals) amounted to JD 2,685,719 equivalent to 0.29% of total deposits as of 31 December 2020 (JD 8,642,400 equivalent to 1.03% of total deposits as of 31 December 2019).

- Dormant deposits amounted to JD 3,882,102 as of 31 December 2020 (JD 6,134,468 as of 31 December 2019).

(16) Cash Margins

The details of this item are as follows:

| | 31 December | |
|--|-------------|------------|
| | 2020 | 2019 |
| | JD | JD |
| Cash margins on direct credit facilities | 22,727,383 | 37,675,432 |
| Cash margins on indirect credit facilities | 18,511,377 | 18,372,477 |
| Marginal cash deals | 583,842 | 524,306 |
| Total | 41,822,602 | 56,572,215 |

(17) Borrowed Funds

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

The re-borrowed loans balance amounted to JD 30,266,815 as of 31 December 2020 (JD 15,402,088 as of 31 December 2019). The interest rates ranged between 2% and 10 % as of 31 December 2020 (3% and 10% 31 December 2019).

| | Amount | Utilized | Number of Installments | Guarantees | Interest Rate |
|--|------------|------------|--|-------------------------------|---------------|
| | JD | JD | | | |
| 31 December 2019 | JD | JD | | | % |
| Loan from the World Bank through the Central Bank of Jordan | 2,000,000 | 1,600,000 | 20 years, including a 5-year grace period; to be settled in semi-annual installments | - | 2.5 |
| Loan from the Arab Monetary Fund via Central Bank of Jordan | 2,100,000 | 1,365,000 | 10 years, including a 3-year grace period; to be settled in semi-annual installments | - | 2.5 |
| Advances from the Central Bank of Jordan | 12,363,959 | 12,363,959 | 2 years; to be settled in semi-annual installments | - | 2.25 |
| Jordan Mortgage Refinance Company | 10,000,000 | 10,000,000 | Bullet payment dated 21/9/2021 | Transfer of property mortgage | 6.6 |
| Jordan Mortgage Refinance Company | 10,000,000 | 10,000,000 | Bullet payment dated 16/6/2021 | Transfer of property mortgage | 6.35 |
| Jordan Mortgage Refinance Company | 10,000,000 | 10,000,000 | Bullet payment dated 5/2/2024 | Transfer of property mortgage | 6.8 |
| International Fund for Agricultural Development through the Central Bank of Jordan | 750,000 | 754,623 | 18 years, including a 3-year grace period; to be settled in semi-annual installments | - | 2.35 |
| The Central Bank of Jordan against mortgaged bonds / repurchase agreement Total | | 50,000,000 | Bullet payment dated 6/2/2020 | Bonds mortgage | 4.75 |
| | | 96,083,582 | | | |

(18) Income Tax**a. Income tax provision**

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

| | For the year ended 31 December | |
|--|--------------------------------|-----------|
| | 2020 | 2019 |
| | JD | JD |
| Balance at the beginning of the year | - | 745,548 |
| Income tax incurred | 810,257 | 518,012 |
| Income tax paid - Jordan branches | (635,499) | (518,012) |
| Surplus in provision reversed to income – Palestine branches | - | (745,548) |
| Balance at the end of the year | 174,758 | - |

b. Income tax expense

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

| | 31 December 2020 | 31 December 2019 |
|--|------------------|------------------|
| | JD | JD |
| Income tax incurred on current year profit - Jordan branches | 810,257 | 518,012 |
| Impact of deferred tax assets | 1,268,959 | 1,616,180 |
| Impact of deferred tax liabilities | (50,388) | 36,281 |
| Total | 2,028,828 | 2,170,473 |

c. Tax status

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

Regarding the year 2017, the income tax return was submitted within the legal period and it was reviewed by the Income and Sales Tax Department. A decision was made that required the Bank to pay a tax difference for the year 2017 by an amount of JD 1.9 million and the Bank has appealed the decision. Regarding the year 2018 and 2019, the income tax return was submitted within the legal period, but it has not been reviewed yet.

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

d. Deferred tax assets and liabilities

| | 31 December | | | | | |
|--|--------------------------------------|-----------|-----------|--------------------------------|--------------|--------------|
| | 2020 | | | 2019 | | |
| | Balance at the beginning of the year | Additions | Released | Balance at the end of the year | Deferred Tax | Deferred Tax |
| JD | JD | JD | JD | JD | JD | |
| a. Deferred Tax Assets | | | | | | |
| Provision for doubtful debts before the year 2000 | 247,936 | - | 3,985 | 243,951 | 92,701 | 94,217 |
| Provision for impairment in seized properties | 3,921,845 | 1,491,539 | 77,212 | 5,336,172 | 2,027,745 | 1,490,301 |
| Provision for properties seized for more than four years | 2,878,993 | - | 31,412 | 2,847,581 | 1,082,081 | 1,094,017 |
| Provision for seized shares in violation | 519,865 | - | 14,893 | 504,972 | 191,889 | 197,549 |
| Impairment loss on shares seized against debts | 649,147 | 200,034 | - | 849,181 | 322,689 | 246,676 |
| Provision for lawsuits against the Bank | 368,568 | 15,450 | 176,866 | 207,152 | 78,718 | 140,056 |
| Provision for end-of-service indemnity | 2,056 | - | 1,697 | 359 | 136 | 781 |
| Provision for suspended legal fees and expense | 2,358,015 | 477,495 | 104,286 | 2,731,224 | 1,037,865 | 896,046 |
| Fair value reserve * | 2,808,872 | 341,646 | (109,133) | 3,259,651 | 1,238,667 | 1,067,371 |
| Other provisions | 1,375,065 | 1,731,738 | - | 3,106,803 | 1,180,586 | 522,525 |
| Unrealized loss on the shares portfolio at fair value through profit/loss | - | 97,858 | - | 97,858 | 37,186 | - |
| Expected credit loss on balances and deposits in local banks | 77,995 | - | 60,209 | 17,786 | 6,759 | 29,638 |
| Expected credit loss on balances and deposits in foreign banks | 677 | 524,770 | - | 525,447 | 199,670 | 257 |
| Expected credit loss on financial assets at amortized cost | 507,062 | 126,483 | - | 633,545 | 240,747 | 192,684 |
| Expected credit loss on direct credit facilities | 8,090,649 | - | 507,405 | 7,583,244 | 2,881,633 | 3,074,447 |
| Expected credit loss on indirect credit facilities | 3,973,785 | - | 3,002,902 | 970,883 | 368,936 | 1,510,038 |
| Expected credit loss on un-utilized limits of credit facilities / direct | 396,808 | - | 132,797 | 264,011 | 100,324 | 150,787 |
| Expected credit loss on un-utilized limits of credit facilities / indirect | 272,635 | - | 120,567 | 152,068 | 57,786 | 103,601 |
| Expected credit loss on purchase of time withdrawals and letters of credit | 245,569 | - | 62,014 | 183,555 | 69,751 | 93,316 |
| Provision for losses on sale of Palestine branches | 3,708,487 | - | 3,708,487 | - | - | 1,409,225 |
| Total | 32,404,029 | 5,007,013 | 7,895,599 | 29,515,443 | 11,215,869 | 12,313,532 |
| b. Deferred tax liabilities | | | | | | |
| Unrealized gains on the share's portfolio at fair value through profit or loss | 132,600 | - | 132,600 | - | - | 50,388 |
| Total | 132,600 | - | 132,600 | - | - | 50,388 |

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

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

| | 31 December | | 31 December | |
|--------------------------------------|-------------------|-------------------|-------------|---------------|
| | 2020 | 2019 | 2020 | 2019 |
| | Assets | Assets | Liabilities | Liabilities |
| | JD | JD | JD | JD |
| Balance at the beginning of the year | 12,313,532 | 13,867,924 | 50,388 | 14,107 |
| Additions during the year | 1,902,665 | 2,886,904 | - | 36,281 |
| Disposals during the year | (3,000,328) | (4,441,296) | (50,388) | - |
| Balance at the end of the year | <u>11,215,869</u> | <u>12,313,532</u> | <u>=</u> | <u>50,388</u> |

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

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

| | 2020 | 2019 |
|----------------------------------|------------------|------------------|
| | JD | JD |
| Declared income | 4,933,007 | 7,457,546 |
| Add: Non-deductible tax expenses | 7,304,199 | 9,790,666 |
| Less: Exempted tax income | (10,170,305) | (15,977,599) |
| Adjusted taxable income | <u>2,066,901</u> | <u>1,270,613</u> |
| Income tax rates: | 38% | 38% |
| Effective tax rate | 16% | 7% |

(19) Sundry Provisions

The details of this item are as follows:

| 2020 | Balance at the beginning of the year | Expense for the year | Paid during the year | Transferred to liabilities linked to assets held for sale | Balance at the end of the year |
|---|--------------------------------------|----------------------|----------------------|---|--------------------------------|
| | JD | JD | JD | JD | JD |
| Provision for lawsuits against the Bank | 368,568 | 15,450 | (176,866) | - | 207,152 |
| Provision for end-of-service indemnity | 2,056 | - | (1,697) | - | 359 |
| Other provisions | <u>1,000,000</u> | <u>615,000</u> | <u>(1,000,000)</u> | <u>=</u> | <u>615,000</u> |
| Total | <u>1,370,624</u> | <u>630,450</u> | <u>(1,178,563)</u> | <u>=</u> | <u>822,511</u> |

| 2019 | Balance at the beginning of the year | Expense for the year | Paid during the year | Transferred to liabilities linked to assets held for sale | Balance at the end of the year |
|---|--------------------------------------|----------------------|----------------------|---|--------------------------------|
| | JD | JD | JD | JD | JD |
| Provision for lawsuits against the Bank | 146,472 | 401,848 | (176,906) | (2,846) | 368,568 |
| Provision for end-of-service indemnity | 777,794 | 255,115 | (173,193) | (857,660) | 2,056 |
| Other provisions | <u>1,000,000</u> | <u>=</u> | <u>=</u> | <u>=</u> | <u>1,000,000</u> |
| Total | <u>1,924,266</u> | <u>656,963</u> | <u>(350,099)</u> | <u>(860,506)</u> | <u>1,370,624</u> |

(20) Other Liabilities

The details of this item are as follows:

| | 31 December | |
|--|-------------------|-------------------|
| | 2020 | 2019 |
| | JD | JD |
| Acceptable checks | 6,595,053 | 7,162,304 |
| Accrued interest | 4,818,358 | 8,479,402 |
| Refundable and various deposits | 3,362,002 | 2,781,827 |
| Safe deposits boxes | 94,219 | 88,429 |
| Shareholders' deposits | 14,608 | 15,759 |
| Income tax and social security deposits | 328,804 | 394,461 |
| Accrued expenses | 638,115 | 574,678 |
| Transactions in transit among branches | 1,032,341 | 1,124,725 |
| Board of Directors' remunerations | 55,000 | 56,250 |
| Received amounts on the sale of land and real estate* | 1,973,227 | 13,049,944 |
| Inward remittance | 18 | 203,704 |
| Expected credit loss on indirect facilities and un-utilized limits** | 1,386,964 | 4,643,231 |
| Other | <u>2,683,304</u> | <u>595,894</u> |
| Total | <u>22,982,013</u> | <u>39,170,608</u> |

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

| | 31 December | |
|--------------------------------------|------------------|-------------------|
| | 2020 | 2019 |
| | JD | JD |
| Balance at the beginning of the year | 13,049,944 | 10,563,174 |
| Received amounts | 97,822 | 3,981,770 |
| Disposals | (11,174,539) | (1,495,000) |
| Balance at the end of the year | <u>1,973,227</u> | <u>13,049,944</u> |

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

| | Stage (1) | | Stage (2) | | Stage (3) | Total |
|--------------------------------------|------------|--------------------|------------|-------------------|------------------|--------------------|
| | Collective | Individual | Collective | Individual | | |
| | JD | JD | JD | JD | JD | JD |
| Balance at the beginning of the year | - | 229,155,825 | - | 108,527,056 | 9,355,176 | 347,038,057 |
| New exposures during the period | - | 26,376,761 | - | 935,680 | (7,748) | 27,304,693 |
| Matured exposures | - | (72,050,697) | - | (24,364,702) | (125,395) | (96,540,794) |
| Transferred to stage (1) | - | 49,500,159 | - | (46,693,588) | (2,806,571) | - |
| Transferred to stage (2) | - | (21,169,195) | - | 21,365,854 | (196,659) | - |
| Transferred to stage (3) | - | (695,745) | - | (37,300) | 733,045 | - |
| Changes resulting from adjustments | = | (2,847,381) | = | (16,487,131) | (1,202,400) | (20,536,912) |
| Balance at the end of the year | = | <u>208,269,727</u> | = | <u>43,245,869</u> | <u>5,749,448</u> | <u>257,265,044</u> |

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

| | 2020 | | | | | 2019 | |
|--|------------|----------------|------------|----------------|----------------|------------------|------------------|
| | Stage (1) | | Stage (2) | | Stage (3) | Total | Total |
| | Collective | Individual | Collective | Individual | | | |
| | JD | JD | JD | JD | JD | JD | JD |
| Balance at the beginning of the year | - | 791,493 | - | 1,033,413 | 2,818,325 | 4,643,231 | 6,570,764 |
| Impairment loss on new exposures during the year | - | 58,670 | - | 21,292 | 11,986 | 91,948 | 218,549 |
| Reversed impairment loss on matured exposures | - | (235,807) | - | (113,991) | (99,764) | (449,562) | (422,620) |
| Transferred to stage (1) | - | 108,951 | - | (99,865) | (9,086) | - | - |
| Transferred to stage (2) | - | (170,364) | - | 173,856 | (3,492) | - | - |
| Transferred to stage (3) | - | (1,531) | - | (27) | 1,558 | - | - |
| Effect on provision as of the end of the year due to reclassification between the stages during the year | - | - | - | (343,324) | (832,524) | (1,175,848) | 760,303 |
| Changes resulting from adjustments | - | (47,661) | - | (416,049) | (1,259,095) | (1,722,805) | (2,385,870) |
| Liabilities related to Assets held for sale | = | = | = | = | = | = | (97,895) |
| Balance at the end of the year | = | <u>503,751</u> | = | <u>255,305</u> | <u>627,908</u> | <u>1,386,964</u> | <u>4,643,231</u> |

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

| Internal Credit Rating | 2020 | | | | 2019 |
|------------------------|----------------------|----------------------|-----------|-------------|-------------|
| | Stage (1) Collective | Stage (2) Individual | Stage (3) | Total | Total |
| | JD | JD | JD | JD | JD |
| 1 | 300 | - | - | 300 | - |
| 2 | 7,500 | - | - | 7,500 | - |
| 3+ | 50,800 | - | - | 50,800 | - |
| 3 | 16,000 | - | - | 16,000 | - |
| 3- | 238,300 | - | - | 238,300 | - |
| 4+ | 1,752,369 | 100,000 | - | 1,852,369 | 231,163 |
| 4 | 5,231,815 | 2,256,720 | 10,000 | 7,498,535 | 4,842,956 |
| 4- | 6,842,015 | 1,152,560 | 35,000 | 8,029,575 | 75,103,327 |
| 5+ | 27,655,607 | 1,606,861 | 65,000 | 29,327,468 | 31,865,076 |
| 5 | 28,576,848 | 3,433,277 | 496,500 | 32,506,625 | 8,249,063 |
| 5- | 5,097,712 | 10,499,836 | 1,000 | 15,598,548 | 15,042,174 |
| 6+ | 9,487,519 | 641,670 | 4,857,872 | 14,987,061 | 8,705,436 |
| 6 | 1,674,548 | 42,755 | 25,000 | 1,742,303 | 1,303,163 |
| 6- | 547,355 | 2,019,572 | 7,000 | 2,573,927 | 2,670,492 |
| 7+ | - | 1,623,660 | - | 1,623,660 | 284,346 |
| 7 | - | 20,500 | - | 20,500 | 10,000 |
| Not rated | 144,641 | - | 178,936 | 323,577 | - |
| Total | 87,323,329 | 23,397,411 | 5,676,308 | 116,397,048 | 148,307,196 |

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

| | 2020 | | | | 2019 |
|--|----------------------|----------------------|-------------|--------------|-------------|
| | Stage (1) Collective | Stage (2) Individual | Stage (3) | Total | Total |
| | JD | JD | JD | JD | JD |
| Balance at the beginning of the year | 113,983,769 | 27,220,506 | 7,102,921 | 148,307,196 | 149,964,855 |
| New exposures during the year | 1,904,554 | 5,000 | - | 1,909,554 | 13,683,603 |
| Matured exposures | (28,787,802) | (278,887) | (125,395) | (29,192,084) | (6,072,646) |
| Transferred to stage 1 | 20,470,397 | (19,112,202) | (1,358,195) | - | - |
| Transferred to stage 2 | (16,142,824) | 16,339,483 | (196,659) | - | - |
| Transferred to stage 3 | (695,745) | (37,300) | 733,045 | - | - |
| Changes resulting from adjustments | (3,409,020) | (739,189) | (479,409) | (4,627,618) | (5,154,861) |
| Liabilities associated with assets held for sale | - | - | - | - | (4,113,755) |
| Balance at the end of the year | 87,323,329 | 23,397,411 | 5,676,308 | 116,397,048 | 148,307,196 |

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

| | 2020 | | | | 2019 |
|--|----------------------|----------------------|-------------|-------------|-------------|
| | Stage (1) Collective | Stage (2) Individual | Stage (3) | Total | Total |
| | JD | JD | JD | JD | JD |
| Balance at the beginning of the year | 446,551 | 242,541 | 2,563,561 | 3,252,653 | 5,085,322 |
| Impairment loss on new exposures during the year | 6,122 | - | - | 6,122 | 50,232 |
| Reversed impairment loss on matured exposures | (73,313) | (1,064) | (55,276) | (129,653) | (307,448) |
| Transferred to stage (1) | 37,037 | (33,895) | (3,142) | - | - |
| Transferred to stage (2) | (161,530) | 165,022 | (3,492) | - | - |
| Transferred to stage (3) | (1,531) | (27) | 1,558 | - | - |
| Effect on the provision due to reclassification between the stages during the year | - | (115,591) | (628,192) | (743,783) | 525,646 |
| Changes resulting from adjustments | (103,403) | (84,510) | (1,259,095) | (1,447,008) | (2,040,549) |
| Liabilities associated with assets held for sale | - | - | - | - | (60,550) |
| Balance at the end of the year | 149,933 | 172,476 | 615,922 | 938,331 | 3,252,653 |

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

| | 2020 | | | | 2019 |
|-----------|----------------------|----------------------|-----------|------------|------------|
| | Stage (1) Collective | Stage (2) Individual | Stage (3) | Total | Total |
| | JD | JD | JD | JD | JD |
| 4+ | 79,000 | - | - | 79,000 | - |
| 4 | 34,556 | - | - | 34,556 | 2,086,425 |
| 4- | 58,731 | 359,674 | - | 418,405 | 40,265,360 |
| 5+ | 5,996,062 | - | - | 5,996,062 | 3,834,239 |
| 5 | - | - | - | - | 5,275,403 |
| 5- | 7,869,998 | 341,164 | - | 8,211,162 | 7,846,454 |
| 6+ | 1,369,264 | - | - | 1,369,264 | 306,138 |
| 6 | 1,086,895 | 8,975,927 | - | 10,062,822 | 11,378,741 |
| 6- | - | - | - | - | 1,180,776 |
| 7+ | - | 11,699 | - | 11,699 | - |
| 7- | - | - | - | - | 80,888 |
| Not rated | - | - | - | - | 626,058 |
| Total | 16,494,506 | 9,688,464 | - | 26,182,970 | 72,880,482 |

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

| | 2020 | | | | 2019 |
|--|-------------------------|-------------------------|-----------|-------------------|-------------------|
| | Stage (1) Individual | Stage (2) Individual | Stage (3) | Total | Total |
| | JD | JD | JD | JD | JD |
| Balance at the beginning of the year | 43,109,384 | 29,690,210 | 80,888 | 72,880,482 | 48,020,803 |
| New exposures during the year | 2,754,048 | 341,164 | (80,888) | 3,014,324 | 30,330,487 |
| Paid credit facilities | (30,731,341) | (5,222,859) | - | (35,954,200) | (16,183,532) |
| Transfer to stage (1) | 7,852,323 | (7,852,323) | - | - | - |
| Transfer to stage (2) | (359,674) | 359,674 | - | - | - |
| Transfer to stage (3) | - | - | - | - | - |
| Changes resulting from adjustments | (6,130,234) | (7,627,402) | - | (13,757,636) | 11,349,064 |
| Liabilities associated with assets held for sale | = | = | = | = | (636,340) |
| Balance at the end of the year | <u>16,494,506</u> | <u>9,688,464</u> | = | <u>26,182,970</u> | <u>72,880,482</u> |

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

| | 2020 | | | | 2019 |
|--|-------------------------|-------------------------|-----------|---------------|----------------|
| | Stage (1) Individual | Stage (2) Individual | Stage (3) | Total | Total |
| | JD | JD | JD | JD | JD |
| Balance at the beginning of the year | 108,473 | 568,174 | 44,488 | 721,135 | 326,200 |
| Credit losses on new exposures during the year | <u>1,494</u> | <u>156</u> | = | <u>1,650</u> | <u>122,999</u> |
| Recovered from impairment loss on due facilities | (76,586) | (83,351) | (44,488) | (204,425) | (72,973) |
| Transferred to stage (1) | 4,537 | (4,537) | - | - | - |
| Transferred to stage (2) | (3,769) | 3,769 | - | - | - |
| Effect on the provision resulting from the reclassification between the three stages | - | (116,466) | - | (116,466) | 340,385 |
| Changes resulting from adjustments | (16,924) | (352,417) | - | (369,341) | 5,516 |
| Liabilities associated with assets held for sale | = | = | = | = | (992) |
| Balance at the end of the year | <u>17,225</u> | <u>15,328</u> | = | <u>32,553</u> | <u>721,135</u> |

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

| Internal Credit Rating | 2020 | | | | 2019 |
|------------------------|-------------------------|-------------------------|---------------|--------------------|--------------------|
| | Stage (1) Individual | Stage (2) Individual | Stage (3) | Total | Total |
| | JD | JD | JD | JD | JD |
| 3+ | 9,665 | - | - | 9,665 | - |
| 3 | 567,915 | - | - | 567,915 | 603,715 |
| 3- | 8,325 | - | - | 8,325 | - |
| 4+ | 354,755 | - | - | 354,755 | 74,745 |
| 4 | 4,694,655 | 578,756 | 10,947 | 5,284,358 | 7,863,555 |
| 4- | 14,039,518 | 928,582 | 1,465 | 14,969,565 | 17,187,667 |
| 5+ | 23,268,034 | 2,749,487 | - | 26,017,521 | 54,679,605 |
| 5 | 22,914,569 | 2,791,199 | - | 25,705,768 | 8,579,111 |
| 5- | 11,244,823 | 941,337 | - | 12,186,160 | 6,921,990 |
| 6+ | 16,940,763 | 1,259,527 | - | 18,200,290 | 6,883,466 |
| 6 | 1,969,730 | 181,500 | - | 2,151,230 | 10,343,337 |
| 6- | 186,118 | 387,854 | - | 573,972 | 2,428,703 |
| 7+ | - | 176,499 | - | 176,499 | - |
| 7 | - | 7,736 | - | 7,736 | 4,101 |
| 7- | - | - | - | - | 1,286,037 |
| Not rated | <u>8,253,022</u> | <u>157,517</u> | <u>60,728</u> | <u>8,471,267</u> | <u>8,994,347</u> |
| Total | <u>104,451,892</u> | <u>10,159,994</u> | <u>73,140</u> | <u>114,685,026</u> | <u>125,850,379</u> |

credit rating categories:

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

| | 2020 | | | | 2019 |
|--|-------------------------|-------------------------|---------------|--------------------|--------------------|
| | Stage (1) Collective | Stage (2) Individual | Stage (3) | Total | Total |
| | JD | JD | JD | JD | JD |
| Balance at the beginning of the year | 72,062,672 | 51,616,340 | 2,171,367 | 125,850,379 | 135,089,351 |
| New exposures during the year | 21,718,159 | 589,516 | 73,140 | 22,380,815 | 23,230,329 |
| Matured exposures | (12,531,554) | (18,862,956) | - | (31,394,510) | (5,679,175) |
| Transferred to stage (1) | 21,177,439 | (19,729,063) | (1,448,376) | - | - |
| Transferred to stage (2) | (4,666,697) | 4,666,697 | - | - | - |
| Transferred to stage (3) | - | - | - | - | - |
| Changes resulting from adjustments | 6,691,873 | (8,120,540) | (722,991) | (2,151,658) | (21,189,777) |
| liabilities associated with assets held for sale | - | - | - | - | (5,600,349) |
| Balance at the end of the year | <u>104,451,892</u> | <u>10,159,994</u> | <u>73,140</u> | <u>114,685,026</u> | <u>125,850,379</u> |

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

| | 2020 | | | | 2019 |
|--|-------------------------|-------------------------|---------------|----------------|----------------|
| | Stage (1) Collective | Stage (2) Individual | Stage (3) | Total | Total |
| | JD | JD | JD | JD | JD |
| Balance at the beginning of the year | 236,469 | 222,698 | 210,276 | 669,443 | 1,159,242 |
| Impairment loss on new exposures during the year | <u>51,054</u> | <u>21,136</u> | <u>11,986</u> | <u>84,176</u> | <u>45,319</u> |
| Reversed impairment loss on matured exposures | (85,908) | (29,576) | - | (115,484) | (42,199) |
| Transferred to stage (1) | 67,377 | (61,433) | (5,944) | - | - |
| Transferred to stage (2) | (5,065) | 5,065 | - | - | - |
| Transferred to stage (3) | - | - | - | - | - |
| Effect on provision due to reclassification between the stages during the year | - | (111,267) | (204,332) | (315,599) | (105,729) |
| Changes resulting from adjustments | 72,666 | 20,878 | - | 93,544 | (350,837) |
| Liabilities associated with assets held for sale | - | - | - | - | (36,353) |
| Balance at the end of the year | <u>336,593</u> | <u>67,501</u> | <u>11,986</u> | <u>416,080</u> | <u>669,443</u> |

(21) Authorized and Paid-up Capital

In its extraordinary meeting held on April 30, 2017, the Bank's General Assembly decided to approve the capital increase of JD/share 7,125,000. Accordingly, the Bank's authorized and paid-up capital would become JD/share 120,000,000 through capitalizing part of retained earnings and distributing the amount free of charge to the shareholders. The procedures for the increase in paid-up capital were completed at the Companies Control Department in Jordan on June 7, 2017, whereby authorized and paid-up capital has become JD/share 120,000,000 as of 31 December 2020 and 2019.

(22) Reserves**a. Statutory Reserve**

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

b. General Banking Risks Reserve

This reserve represents the general banking risks reserve in accordance with the regulations of the Central Bank of Jordan and the Palestinian Monetary Authority.

The following represents the general banking risks reserve according to the Banks' branches:

| | 31 December | |
|---------------------|-------------|----------------|
| | 2020 | 2019 |
| | JD | JD |
| Jordan branches | - | - |
| Palestine branches* | - | <u>548,693</u> |
| Total | = | <u>548,693</u> |

The Palestinian Monetary Authority's instructions require that if the required general risk reserve exceeds the expected credit losses for related to stage (1) and (2), then the excess amount remains in general risks reserve account in equity and is not to be used. As a result of the completion of the sale of Palestine branches in 2020, it was no longer needed and was transferred to retained earnings.

C. Cyclicity Reserve

This item represents the cyclicity fluctuations reserve calculated in accordance with the regulations of the Palestinian Monetary Authority at 0-2.5% of as determined by the Authority of risk weighted average assets for the Palestine branches to enhance the Bank's capital in Palestinian to reduce the risk of fluctuations in business cycles and credit granting. The cyclicity fluctuation reserve may not be used or reduced without obtaining the pre-approval of the Palestinian Monetary Authority.

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

| Reserve Name | 31 December | | Restriction Nature |
|-------------------------------|-------------|------------|--|
| | 2020 | 2019 | |
| | JD | JD | |
| Statutory reserve | 15,953,618 | 15,460,318 | Restricted according to the banks law and companies' law |
| Cyclicity reserve | - | 3,538,675 | Palestinian Monetary authority's requirements |
| General banking risks reserve | - | 548,693 | Palestinian Monetary authority's requirements |

(23) Fair Value Reserve - Net

The details of this item are as follows:

| | 31 December | |
|---|--------------------|--------------------|
| | 2020 | 2019 |
| | JD | JD |
| Balance at the beginning of the year | (2,211,406) | (2,053,183) |
| Unrealized (losses) | (245,490) | (158,223) |
| Released from selling financial assets at fair value through other comprehensive income | (258,850) | - |
| Transferred to retained earnings as a result of selling Palestine branches | 694,762 | - |
| Balance at the end of the year | <u>(2,020,984)</u> | <u>(2,211,406)</u> |

- Fair value reserve balance includes JD 311,112 as of 31 December 2020 and 2019 against implementation of International Financial Reporting Standard No. (9).

(24) Retained Earnings

The details of this item are as follows:

| | 31 December | |
|--|------------------|------------------|
| | 2020 | 2019 |
| | JD | JD |
| Balance at the beginning of the year | 1,862,494 | (1,214,496) |
| Profit for the year – statement (B) | 513,503 | 5,313,066 |
| (Transferred) to reserves | (493,300) | (2,236,076) |
| Transferred from reserves as a result of selling Palestine branches | 3,392,606 | - |
| Realized (losses) from selling financial assets at fair value through other comprehensive income | <u>258,850</u> | - |
| Balance at the end of the year | <u>5,534,153</u> | <u>1,862,494</u> |

Retained earnings balance includes JD 11,215,869 as of 31 December 2020 of restricted amounts against deferred tax assets according to the Central Bank of Jordan's instructions.

Use of retained earnings balances equal to the negative cumulative change in fair value of financial assets is restricted as at 31 December 2020 (including JD 311,112 against the implementation of International Financial Reporting Standard No. (9)) according to the instructions of the Jordan Securities Commission and the Central Bank of Jordan.

(25) Interest Income

The details of this item are as follows:

| | 31 December | |
|--|-------------------|-------------------|
| | 2020 | 2019 |
| | JD | JD |
| Direct credit facilities: | | |
| Individuals (retail) | | |
| Overdraft accounts | 223,067 | 425,969 |
| Loans and promissory notes | 16,445,505 | 17,638,187 |
| Credit cards | 788,436 | 703,205 |
| Real - estate loans | 9,034,200 | 8,924,156 |
| Companies | | |
| Large | | |
| Overdraft accounts | 4,821,808 | 6,103,812 |
| Loans and promissory notes | 18,368,725 | 19,670,154 |
| Small and medium | | |
| Overdraft accounts | 1,697,499 | 2,434,930 |
| Loans and promissory notes | 3,223,861 | 2,763,707 |
| Government and public sector | 2,231,460 | 1,764,749 |
| Balances at central banks | 435,789 | 888,665 |
| Balances and deposits at banks and financial institutions | 285,559 | 741,907 |
| Financial assets at amortized cost | 13,042,369 | 12,912,950 |
| Total | <u>70,598,278</u> | <u>74,972,391</u> |

(26) Interest Expense

Details of this item are as follows:

| | 31 December | |
|---|-------------------|-------------------|
| | 2020 | 2019 |
| | JD | JD |
| Deposits at banks and financial institutions | 3,025,164 | 4,312,026 |
| Customers' deposits | | |
| Current and call accounts | 176,007 | 476,750 |
| Saving accounts | 1,366,886 | 1,464,536 |
| Certificates of deposit | 1,615,574 | 1,757,858 |
| Time and notice deposits | 24,520,652 | 28,043,646 |
| Cash margins | 1,333,168 | 2,287,948 |
| Borrowed funds | 3,450,677 | 4,328,321 |
| lease contract obligations | 359,249 | 124,337 |
| Deposit Insurance Corporation fees | <u>1,226,540</u> | <u>1,186,581</u> |
| Total | <u>37,073,917</u> | <u>43,982,003</u> |

(27) Net Commission income

Details of this item are as follows:

| | 31 December | |
|--|------------------|------------------|
| | 2020 | 2019 |
| | JD | JD |
| Direct credit facilities commissions | 1,565,036 | 2,227,214 |
| Indirect credit facilities commissions | <u>2,721,773</u> | <u>3,560,987</u> |
| Total | <u>4,286,809</u> | <u>5,788,201</u> |

(28) Foreign Exchange Income

Details of this item are as follows:

| | 31 December | |
|------------------------------------|----------------|------------------|
| | 2020 | 2019 |
| | JD | JD |
| Resulted from trading/transactions | 528,069 | 659,984 |
| Resulted from valuation | 397,236 | 448,243 |
| Margin trading accounts | <u>22,426</u> | <u>21,625</u> |
| Total | <u>947,731</u> | <u>1,129,852</u> |

(29) Gain (Loss) from Financial Assets at Fair Value through Profit or Loss

Details of this item are as follows:

| | Realized Gains | Unrealized losses | Dividends | Total |
|--|----------------|-------------------|-----------|------------------|
| | JD | JD | JD | JD |
| 2020 | | | | |
| Companies' quoted shares in active markets | ≡ | <u>(230,459)</u> | ≡ | <u>(230,459)</u> |

| | Realized Gains | Unrealized losses | Dividends | Total |
|--|----------------|-------------------|------------|---------------|
| | JD | JD | JD | JD |
| 2019 | | | | |
| Companies' quoted shares in active markets | <u>(420)</u> | <u>91,316</u> | <u>290</u> | <u>91,186</u> |

(30) Other Income

Details of this item are as follows:

| | 31 December | |
|--|------------------|------------------|
| | 2020 | 2019 |
| | JD | JD |
| Income from credit cards, net | - | 138,147 |
| Safe boxes rent | 63,814 | 68,181 |
| Transfers income | 418,644 | 378,758 |
| Cheques income | 177,013 | 506,048 |
| Telecommunication income | 26,892 | 66,542 |
| Recovery of debts previously written-off * | 788,899 | 1,438,188 |
| Gain from selling property and equipment | 260,096 | 295,026 |
| Gain from seized properties | 103,698 | - |
| Return on seized properties | 6,754 | 14,108 |
| Income from account services | 737,809 | 890,107 |
| Income from reversal of miscellaneous provisions | 1,000,023 | 150,000 |
| Insurance income | 18,399 | 84,147 |
| Others | <u>388,258</u> | <u>190,831</u> |
| Total | <u>3,990,299</u> | <u>4,220,083</u> |

*This item represents amounts recovered from written - off debts and suspended interest taken during the previous years off-the statement of financial position but recovered during the year ended 31 December 2020 and 2019.

(31) Employees Expenses

Details of this item are as follows:

| | 31 December | |
|--|--------------------------|--------------------------|
| | 2020 | 2019 |
| | JD | JD |
| Salaries, allowances and employees' benefits | 10,874,786 | 11,642,178 |
| Bank's contribution in social security | 1,369,611 | 1,385,637 |
| Bank's contribution in saving fund | 9,928 | 9,523 |
| Medical expenses | 401,623 | 421,950 |
| Staff training expenses | 42,475 | 138,378 |
| Per diems | 67,611 | 112,770 |
| Employees' life insurance expenses | 34,502 | 30,746 |
| Uniforms | <u>2,152</u> | <u>23,345</u> |
| Total | <u>12,802,688</u> | <u>13,764,527</u> |

(32) Provision for Expected Credit Loss, net

Details of this item are as follows:

| | For the year ended 31 December | | | | |
|---|--------------------------------|-------------------------|-------------------------|-------------------------|-----------------------|
| | 2020 | | | | 2019 |
| | Stage (1) | Stage (2) | Stage (3) | Total | Total |
| | JD | JD | JD | JD | JD |
| Balances and deposits at banks and financial intuitions | 464,561 | - | - | 464,561 | (36,981) |
| Direct credit facilities | (2,408,533) | 3,481,264 | 9,702,237 | 10,774,968 | 2,080,449 |
| Debt instruments within a portfolio of financial assets at amortized cost | (5,311) | - | 131,794 | 126,483 | 446,351 |
| Financial guarantees | (170,594) | (201,165) | (1,942,563) | (2,314,322) | (1,772,738) |
| Unutilized ceilings | 37,812 | (98,829) | (192,346) | (253,363) | (455,473) |
| Letters of credit | (92,016) | (552,078) | (44,488) | (688,582) | 397,928 |
| Purchased credits and withdrawals | <u>(62,014)</u> | = | = | <u>(62,014)</u> | <u>232,074</u> |
| Total | <u>(2,236,095)</u> | <u>2,629,192</u> | <u>7,654,634</u> | <u>8,047,731</u> | <u>891,610</u> |

(33) Other Expense

Details of this item are as follows:

| | 31 December | |
|---|-------------------------|-------------------------|
| | 2020 | 2019 |
| | JD | JD |
| Rent | 148,423 | 206,785 |
| Stationery and publications | 378,328 | 497,985 |
| Water, electricity and telecommunication expenses | 975,448 | 1,312,413 |
| Legal and lawyer fees | 811,346 | 451,760 |
| Maintenance, repair and car expenses | 600,523 | 598,131 |
| Insurance expenses | 618,700 | 467,822 |
| Programs and computers maintenance | 1,330,087 | 1,433,188 |
| Board of Directors' transportation and attendance of meeting fees | 434,897 | 404,467 |
| Fees, licenses and taxes | 394,027 | 566,507 |
| Advertisements | 618,031 | 991,815 |
| Subscriptions | 677,097 | 754,184 |
| Professional and consultancy fees | 313,899 | 516,771 |
| Collection incentives | 5,436 | 18,853 |
| Donations and social responsibility | 750,865 | 313,780 |
| Cleaning and security services | 557,438 | 618,152 |
| Hospitality | 58,475 | 110,400 |
| Board of Directors' remunerations | 55,000 | 55,000 |
| Visa Credit Cards - net | 329,333 | - |
| Money shipping expenses | 62,362 | 71,425 |
| Others | <u>206,788</u> | <u>123,897</u> |
| Total | <u>9,326,503</u> | <u>9,513,335</u> |

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

The details of this item are as follows:

| Income for the year attributable to the Banks' shareholders - continued operations | 2020 | 2019 |
|---|--------------------|--------------------|
| | JD | JD |
| Profit for the year /JD | <u>4,704,179</u> | <u>10,609,758</u> |
| Weighted average number of shares / share | <u>120,000,000</u> | <u>120,000,000</u> |
| | JD / Share | JD / Share |
| Earnings per share for the Banks' shareholders – basic and diluted | <u>0/039</u> | <u>0/088</u> |
| Income for the year attributable to the Banks' shareholders - discontinued operations | | |
| Loss for the year /JD | <u>(4,190,676)</u> | <u>(5,296,692)</u> |
| Weighted average number of shares / share | <u>120,000,000</u> | <u>120,000,000</u> |
| | JD / Share | JD / Share |
| Earnings per share for the Banks' shareholders – basic and diluted | <u>(0/035)</u> | <u>(0/044)</u> |
| Income for the year attributable to the Banks' shareholders | | |
| Profit for the year / JD | <u>513,503</u> | <u>5,313,066</u> |
| Weighted average number of shares / share | <u>120,000,000</u> | <u>120,000,000</u> |
| | JD / Share | JD / Share |
| Earnings per share for the Banks' shareholders – basic and diluted | <u>0/004</u> | <u>0/044</u> |

(35) Cash and Cash Equivalents

The details of this item are as follows:

| | 31 December | |
|---|---------------------|---------------------|
| | 2020 | 2019 |
| | JD | JD |
| Balances at central banks due within three months | 96,851,544 | 71,264,135 |
| Add: Balances at banks and financial institutions due within three months | 49,839,476 | 36,642,539 |
| Less: Banks' and financial institutions' deposits due within three months | <u>(27,670,901)</u> | <u>(27,386,747)</u> |
| Total | <u>119,020,119</u> | <u>80,519,927</u> |

(36) Transactions with Related Parties

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

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

| | BOD Members | Companies Represented by the BOD | Executive Managers | Others | Total | |
|---|-------------|----------------------------------|--------------------|------------|-------------|------------|
| | | | | | 31 December | |
| | | | | | 2020 | 2019 |
| On- Statement of Financial Position Items: | JD | JD | JD | JD | JD | JD |
| Deposits | 36,338,897 | 3,038,871 | 339,841 | 40,962,773 | 80,680,382 | 39,873,104 |
| Direct credit facilities | 451,068 | 19,954,193 | 1,320,451 | 2,610,574 | 24,336,286 | 21,670,176 |
| Deposit With Other | - | - | - | 30,000,000 | 30,000,000 | - |
| Cash margins | - | 52,635 | - | - | 52,635 | 1,189,199 |
| Off- Statement of Financial Position Items: | | | | | | |
| Letters of guarantee | 150,000 | 723,358 | - | 354,500 | 1,227,858 | 1,325,318 |

| Income statement items: | JD | JD | JD | JD | Total | |
|------------------------------------|-----------|---------|---------|--------|-----------|-----------|
| | | | | | 2020 | 2019 |
| | | | | | JD | JD |
| Interest and commission income * | 45,013 | 857,847 | 103,869 | 67,551 | 1,074,280 | 1,075,555 |
| Interest and commission expense ** | 2,172,964 | 50,420 | 9,697 | 10,239 | 2,243,320 | 2,604,826 |

*Credit interest rate ranges from 3.5% to 8.75%.

**Debit interest rate ranges from 0% to 6%.

Executive management remunerations

Executive management's salaries and remunerations for the bank amounted to JD 2,240,248 for the year 2020 (JD 2,675,623 for the year 2019)

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

There are no significant differences between the carrying value and fair value of financial assets and financial liabilities at the end of the year 2020 and 2019.

(38) Risk Management

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

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

a. Credit Risk

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

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

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

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

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

1. Specifying credit ceilings and concentrations:

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

2. Deterring the risk mitigation methods:

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

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

3. Mitigating the assets and liabilities' risk concentration:

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

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

The Bank developed the necessary policies and procedures to determine the study method of credit, maintaining the

objectivity and integrity of decision making, ensuring that credit risk is accurately evaluated, properly approved, and continuously monitored.

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

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

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

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

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

| | 31 December | |
|---|---------------|---------------|
| | 2020 | 2019 |
| | JD | JD |
| On- Statement of Financial Position | | |
| Balances at Central Bank of Jordan | 72,869,348 | 53,825,702 |
| Balances at banks and financial institutions | 79,318,273 | 36,642,539 |
| Credit Facilities: | | |
| Individual | 186,629,308 | 172,055,068 |
| Real-estate loans | 113,845,966 | 118,800,874 |
| | | |
| Corporates | 312,611,417 | 311,980,683 |
| Small and medium companies | 52,855,756 | 45,515,677 |
| Government & public sector | 47,958,578 | 20,648,073 |
| Bonds and Treasury Bills: | | |
| Financial assets measured at amortized cost | 282,206,186 | 276,734,126 |
| Other assets | 15,029,810 | 34,858,358 |
| Total | 1,163,324,642 | 1,071,061,100 |
| Off- Statement of Financial Position Items | | |
| Letters of guarantee | 115,458,717 | 145,054,543 |
| Letters of credit and acceptances | 26,150,417 | 72,159,347 |
| Un-utilized facilities | 114,268,946 | 125,180,936 |
| Total | 255,878,080 | 342,394,826 |

Distribution of fair value of collaterals obtained against total credit exposures in stage (1) & (2) as of 31 December 2020

| Items | Collaterals' Fair Value | | | | | | | | | | Expected Credit Loss (ELC) | | |
|--|-------------------------|--------------|---------------|----------------|--------------|--------------------|--------|------------------------|-------------------------------|-----------|----------------------------|------------|---------|
| | Total Exposure Value | Cash Margins | Traded Shares | Acceptable LGs | Real Estates | Cars and Mechanics | Others | Total Collateral Value | Net exposure after collateral | | | | |
| | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | | | |
| Credit exposure related to on-statement of financial position | | | | | | | | | | | | | |
| Balances at Central Banks | 72,869,348 | - | - | - | - | - | - | - | - | - | - | 72,869,348 | - |
| Balances at Banks and Financial Institution | 79,861,506 | - | - | - | - | - | - | - | - | - | - | 79,861,506 | 543,233 |
| Credit Facilities: | | | | | | | | | | | | | |
| Individuals | 185,775,602 | 4,353,116 | 1,225,732 | - | 14,184,220 | 20,860,400 | - | 40,623,468 | 145,152,134 | 1,560,795 | 807,619 | | |
| Real Estate Loans | 110,426,010 | 1,172,890 | 322,866 | - | 128,020,150 | 580,422 | - | 130,096,328 | (19,670,318) | 807,619 | | | |
| Corporate | 308,417,145 | 4,513,572 | 33,135,076 | - | 112,565,242 | 830,906 | - | 151,044,796 | 157,372,349 | 4,828,178 | | | |
| SMEs | 49,815,590 | 5,794,310 | 33,598 | - | 34,315,975 | 830,587 | - | 40,974,470 | 8,841,120 | 349,479 | | | |
| Government and Public Sectors | 47,995,671 | - | - | - | - | - | - | 30,000,000 | 17,995,671 | 37,174 | | | |
| Financial Assets at Amortized Cost | 281,239,731 | - | - | - | - | - | - | 278,403,731 | 2,836,000 | 48,563 | | | |
| Other Assets | 15,213,365 | - | - | - | - | - | - | - | 15,213,365 | 183,555 | | | |
| Total exposure related to on-statement of financial position items | 1,151,613,968 | 15,833,888 | 34,717,272 | - | 289,085,587 | 23,102,315 | - | 308,403,731 | 480,471,175 | 8,358,596 | | | |
| Letters of guarantee | 110,720,740 | 13,420,125 | - | - | 15,995,179 | 840,893 | - | - | 80,464,543 | 322,409 | | | |
| Letters of credit | 26,182,970 | 2,425,347 | - | - | 503,641 | - | - | - | 23,253,982 | 32,553 | | | |
| Other liabilities | 114,611,886 | 916,658 | 614,683 | - | 10,717,475 | 691,234 | - | 12,940,050 | 101,671,836 | 404,094 | | | |
| Total exposure related to off-statement of financial position | 251,515,596 | 16,762,130 | 614,683 | - | 27,216,295 | 1,532,127 | - | 46,125,235 | 205,390,361 | 759,056 | | | |
| Grand total | 1,403,129,564 | 32,596,018 | 35,331,955 | = | 316,301,882 | 24,634,442 | - | 308,403,731 | 717,268,028 | 9,117,652 | | | |

Fair value of collaterals obtained against total credit exposures stage (3) as of 31 December 2020:

| Items | Collaterals' Fair Value | | | | | | | | | | Expected Credit Loss (ELC) | |
|--|-------------------------|--------------|---------------|----------------|--------------|--------------------|--------|------------------------|-------------------------------|------------|----------------------------|---|
| | Total Exposure Value | Cash Margins | Traded Shares | Acceptable LGs | Real Estates | Cars and Mechanics | Others | Total Collateral Value | Net exposure after collateral | | | |
| | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | | |
| Credit exposure related to on-statement of financial position | | | | | | | | | | | | |
| Balances at Central Banks | - | - | - | - | - | - | - | - | - | - | - | - |
| Balances at Banks and Financial Institution | - | - | - | - | - | - | - | - | - | - | - | - |
| Credit Facilities: | | | | | | | | | | | | |
| Individuals | 13,318,452 | 6,353 | - | - | 600,372 | 2,960,739 | - | 3,567,464 | 9,750,988 | 8,950,476 | | |
| Real Estate Loans | 8,248,003 | - | - | - | 8,618,926 | - | - | 8,618,926 | (370,923) | 2,485,326 | | |
| Corporate | 56,747,215 | - | 225,310 | - | 16,020,333 | 651,432 | - | 16,897,075 | 39,850,140 | 34,935,699 | | |
| SMEs | 10,738,381 | 204,230 | - | - | 5,376,117 | 312,006 | - | 5,892,353 | 4,846,028 | 4,777,622 | | |
| Government and Public Sectors | 167 | - | - | - | - | - | - | - | 167 | 86 | | |
| Financial Assets at Amortized Cost | 1,737,055 | - | - | - | - | - | - | - | 1,737,055 | 584,982 | | |
| Other Assets | = | = | = | = | = | = | = | = | = | = | | |
| Total exposure related to on-statement of financial position items | 90,789,273 | 210,583 | 225,310 | - | 30,615,748 | 3,924,177 | - | 34,975,818 | 55,813,455 | 51,734,191 | | |
| Letters of guarantee | 5,676,308 | 711,942 | - | - | 1,177,309 | 449,805 | - | 2,339,056 | 3,337,252 | 615,922 | | |
| Letters of credit | - | - | - | - | - | - | - | - | - | - | | |
| Other liabilities | 73,140 | - | - | - | 1,489 | 7,821 | - | 9,310 | 63,830 | 11,986 | | |
| Total exposure related to off-statement of financial position items | 5,749,448 | 711,942 | - | - | 1,178,798 | 457,626 | - | 2,348,366 | 3,401,082 | 627,908 | | |
| Grand total | 96,538,721 | 922,525 | 225,310 | = | 31,794,546 | 4,381,803 | = | 37,324,184 | 59,214,537 | 52,362,099 | | |

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

| | Individual | Real Estate Loans | Companies | | Government and Public Sector | Total |
|-----------------------------|--------------------------|--------------------------|---------------------------|----------------------------|------------------------------|---------------------------|
| | | | Large Companies | Small and Medium Companies | | |
| As of 31 December 2020 | JD | JD | JD | JD | JD | JD |
| Collaterals against: | | | | | | |
| Low Risk | 3,186,929 | 119,446 | 427 | 1,396,076 | 47,995,730 | 52,698,608 |
| acceptable risk | 30,618,374 | 91,121,417 | 100,314,580 | 29,315,935 | 1 | 251,370,307 |
| Watch list | 3,576,013 | 1,493,486 | 7,919,114 | 2,983,566 | 2 | 15,972,181 |
| | | | | | | |
| Non- performing: | | | | | | |
| Substandard grade | 774,790 | 168,977 | 239,840 | 8,024 | 83 | 1,191,714 |
| Doubtful | 351,722 | 153,244 | 503,842 | - | 22 | 1,008,830 |
| Loss | 1,331,418 | <u>2,571,313</u> | <u>9,260,496</u> | <u>4,424,346</u> | - | <u>17,587,573</u> |
| Total | <u>39,839,246</u> | <u>95,627,883</u> | <u>118,238,299</u> | <u>38,127,947</u> | <u>47,995,838</u> | <u>339,829,213</u> |
| | | | | | | |
| Accepted bank guarantees | 4,358,801 | 1,448,622 | 4,541,795 | 6,886,064 | - | 17,235,282 |
| Real estate | 21,736,262 | 93,781,520 | 85,259,714 | 29,759,133 | - | 230,536,629 |
| Listed shares | 1,084,710 | 248,647 | 27,027,398 | 382,940 | - | 28,743,695 |
| Vehicles and equipment | 12,659,473 | 149,094 | 1,409,392 | 1,099,810 | - | 15,317,769 |
| Others | - | - | - | - | 47,995,838 | 47,995,838 |
| Total | <u>39,839,246</u> | <u>95,627,883</u> | <u>118,238,299</u> | <u>38,127,947</u> | <u>47,995,838</u> | <u>339,829,213</u> |

| | Individual | Real Estate Loans | Companies | | Government and Public Sector | Total |
|-----------------------------|--------------------------|---------------------------|---------------------------|----------------------------|------------------------------|---------------------------|
| | | | Large Companies | Small and Medium Companies | | |
| As of 31 December 2019 | JD | JD | JD | JD | JD | JD |
| Collaterals against: | | | | | | |
| Low Risk | 3,523,140 | 194,407 | 3,886,154 | 1,117,923 | 12,693,284 | 21,414,908 |
| acceptable risk | 17,595,396 | 121,712,590 | 76,783,381 | 25,691,073 | 8,049,386 | 249,831,826 |
| Watch list | 495,425 | 6,352,517 | 9,361,274 | 2,449,744 | - | 18,658,960 |
| | | | | | | |
| Non- performing: | | | | | | |
| Substandard grade | 125,053 | 790,696 | 526,454 | 691,821 | - | 2,134,024 |
| Doubtful | 131,833 | 186,437 | 1,440,000 | 567,489 | - | 2,325,759 |
| Loss | 928,876 | <u>4,320,070</u> | <u>13,822,106</u> | <u>2,307,772</u> | 21 | <u>21,378,845</u> |
| Total | <u>22,799,723</u> | <u>133,556,717</u> | <u>105,819,369</u> | <u>32,825,822</u> | <u>20,742,691</u> | <u>315,744,322</u> |
| | | | | | | |
| Accepted bank guarantees | 6,883,636 | 4,312,190 | 10,744,521 | 6,036,152 | - | 27,976,499 |
| Real estate | 3,810,737 | 122,128,918 | 79,247,232 | 24,770,889 | - | 229,957,776 |
| Listed shares | - | 6,113,206 | 13,849,943 | 420,908 | - | 20,384,057 |
| Vehicles and equipment | 12,105,350 | 1,002,403 | 1,977,673 | 1,597,873 | - | 16,683,299 |
| Others | - | - | - | - | 20,742,691 | 20,742,691 |
| Total | <u>22,799,723</u> | <u>133,556,717</u> | <u>105,819,369</u> | <u>32,825,822</u> | <u>20,742,691</u> | <u>315,744,322</u> |

The disclosures below is prepared in two phases (The first phase of the total credit exposure and the second of the expected credit loss) as of 31 December 2020

A. Total credit exposures re-classified

| Item | Stage 2 | | Stage 3 | | Total Reclassified Exposure | Percentage of Reclassified Exposure |
|---|----------------------|------------------------|----------------------|------------------------|-----------------------------|-------------------------------------|
| | Total Exposure Value | Reclassified Exposures | Total Exposure Value | Reclassified Exposures | | |
| | JD | JD | JD | JD | | |
| Balances at Central Bank | - | - | - | - | - | - |
| Balances at banks and financial institution | - | - | - | - | - | - |
| Direct Credit facilities | 71,579,203 | 37,892,111 | 89,052,218 | 20,736,180 | 58,628,291 | 7.41 |
| Financial assets at amortized cost | - | - | 1,737,055 | - | - | - |
| Other assets | - | - | - | - | - | - |
| Total balance sheet exposure | 71,579,203 | 37,892,111 | 90,789,273 | 20,736,180 | 58,628,291 | |
| Letters of guarantee | 23,397,411 | 16,339,483 | 5,676,308 | 733,045 | 17,072,528 | 14.67 |
| Letters of credit | 9,688,464 | 359,674 | - | - | 359,674 | 1.37 |
| Other liabilities | <u>10,159,994</u> | <u>4,666,697</u> | <u>73,140</u> | - | <u>4,666,697</u> | 4.07 |
| Grand total | <u>114,825,072</u> | <u>59,257,965</u> | <u>96,538,721</u> | <u>21,469,225</u> | <u>80,727,190</u> | |

B. Expected credit losses of reclassified exposures:

| Items | Reclassified Exposures | | | | | | | | | | | | | | | | |
|---|---|-------------------|---|----|-----------------------------|----------------|------------------------|----|------------------------|----------------|------------------------|----|------------------------|----|-------|----------------|----------------|
| | Total Exposures reclassified from Stage (2) | | Total Exposures reclassified from Stage (3) | | Total Reclassified Exposure | | Stage (2) (Individual) | | Stage (2) (collective) | | Stage (3) (Individual) | | Stage (3) (collective) | | Total | | |
| | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | |
| Balances at Central Bank | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Balances at banks and financial institution | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Credit facilities | 37,892,111 | 20,736,180 | 20,736,180 | - | 58,628,291 | 379,745 | 379,745 | - | - | 234,657 | 234,657 | - | - | - | - | 614,402 | 614,402 |
| Financial assets at amortized cost | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other assets | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total balance sheet exposure | <u>37,892,111</u> | <u>20,736,180</u> | <u>20,736,180</u> | - | <u>58,628,291</u> | <u>379,745</u> | <u>379,745</u> | - | - | <u>234,657</u> | <u>234,657</u> | - | - | - | - | <u>614,402</u> | <u>614,402</u> |
| Letters of guarantee | 16,339,483 | 733,045 | 733,045 | - | 17,072,528 | 165,022 | 165,022 | - | - | 1,558 | 1,558 | - | - | - | - | 166,580 | 166,580 |
| Letters of credit | 359,674 | - | - | - | 359,674 | 3,769 | 3,769 | - | - | - | - | - | - | - | - | 3,769 | 3,769 |
| Other liabilities | <u>4,666,697</u> | - | - | - | <u>4,666,697</u> | <u>5,065</u> | <u>5,065</u> | - | - | - | - | - | - | - | - | <u>5,065</u> | <u>5,065</u> |
| Grand total | <u>59,257,965</u> | <u>21,469,225</u> | <u>21,469,225</u> | - | <u>80,727,190</u> | <u>553,601</u> | <u>553,601</u> | - | - | <u>236,215</u> | <u>236,215</u> | - | - | - | - | <u>789,816</u> | <u>789,816</u> |

Collaterals against credit facilities are as the followings:

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

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

The Bank management monitor the market value of those guarantees periodically. In case the value of the guarantee declines, the Bank request additional guarantees to cover the shortage. Moreover, the bank evaluates the guarantees against nonperforming credit facilities periodically.

Rescheduled loans

These represent loans classified previously as non-performing credit facilities but taken out therefrom according to proper scheduling and classified as watch list loans they amounted to JD 7,431,757 as of 31 December 2020 (as of 31 December 2019: JD 6,568,668).

Restructured loans

Restructuring means to rearrange facilities instalments or by increasing their duration postpone some instalments or increase the grace period...etc. it amounted to JD 57,520,448 as of 31 December 2020 (as of 31 December 2019: JD 100,533,733).

Bills bonds and debentures

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

| As of 31 December, 2020 | | | |
|-------------------------|-----------------------------------|--|---------------------------|
| Rating Grade | Rating Institution | Within financial assets measured at amortized cost | Total |
| | | JD | JD |
| Unclassified | - | 4,573,055 | 4,573,055 |
| Governmental | Governmental and government bonds | <u>278,403,731</u> | <u>278,403,731</u> |
| Total | | <u>282,976,786</u> | <u>282,976,786</u> |

| As of 31 December, 2019 | | | |
|-------------------------|-----------------------------------|--|---------------------------|
| Rating Grade | Rating Institution | Within financial assets measured at amortized cost | Total |
| | | JD | JD |
| Unclassified | - | 5.036.000 | 5.036.000 |
| Governmental | Governmental and government bonds | <u>272,205,188</u> | <u>272.205,188</u> |
| Total | | <u>272,241,188</u> | <u>277.241.188</u> |

b. Market risks:

Market risk is the optional loss that may arise from the changes in market prices, such as the change in interest rates, foreign currency exchange rates, equity instrument prices, and consequently, the change in the fair value of the cash flows for the financial instruments that are on-and off statement of financial position.

Within the bank's investment policy approved by the Board of Directors, acceptable risks are set and monitored monthly by the Assets and Liabilities Committee, which provides guidance and recommendations thereon. Moreover, the available systems calculate the effect of the fluctuations in interest rates, exchange rates and share prices.

Interest rate risks

Interest rate risk results from the potential change in interest rates, and consequently, the potential impact on the fair value of the financial instruments. The bank is exposed to the risk of interest rates due to a mismatch or a gap in the amounts of assets and liabilities according to the various time limits or review of interest rates in a certain period. Moreover, the bank manages these risks through reviewing the interest rates on assets and liabilities based on the risk management's strategy.

The Bank is exposed to interest rate risks as a result of the timing gaps of re-pricing assets and liabilities. These gaps are periodically monitored by the Assets and Liabilities Committee through reviewing the report to identify interest rate risk in the short and long terms and take the proper decisions to restrict these risks in light of the expectations of the interest rate's trend through using all or some of the following methods:

- Repricing deposits and /or loans.
- Changing the maturities and size of the assets and liabilities sensitive to interest rates.
- Buying or selling financial investments.
- Using financial derivatives for interest rate hedging purposes.

Sensitivity analysis

Interest rate risks:

31 December 2020

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

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

31 December 2019

| Currency | Change (increase) in interest rate | Sensitivity of interest revenue (profit and loss) | Sensitivity of shareholders' equity |
|-----------------|------------------------------------|---|-------------------------------------|
| | % | JD | JD |
| US Dollar | 1 | 18,273 | - |
| Euro | 1 | (63) | - |
| Sterling Pounds | 1 | (631) | - |
| Others | 1 | 9,103 | - |

| Currency | Change (increase) in interest rate | Sensitivity of interest revenue (profit and loss) | Sensitivity of shareholders' equity |
|-----------------|------------------------------------|---|-------------------------------------|
| | % | JD | JD |
| US Dollar | 1 | (18,273) | - |
| Euro | 1 | 63 | - |
| Sterling Pounds | 1 | 631 | - |
| Others | 1 | (9,103) | - |

Currency risk:

The table below shows the currencies to which the Bank is exposed to and the effect of a reasonable and possible change on its prices against the Jordanian Dinar on the income statement. The currency position is monitored on a daily basis to ensure that it remains within the specified ceilings and are submitted to the executive management.

31 December 2020

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

31 December 2019

| Currency | Change in currency exchange rate | Effect on profits and losses | Sensitivity of shareholders' equity |
|-----------------|----------------------------------|------------------------------|-------------------------------------|
| | % | JD | JD |
| US Dollar | 5 | 91,367 | - |
| Euro | 5 | (317) | - |
| Sterling Pounds | 5 | (3,155) | - |
| Others | 5 | 45,517 | - |

- Foreign currencies risk

Within its approved investment policy, the Bank's Board of Directors sets up limits for the positions of all currencies at the Bank. These positions are monitored daily through the Treasury and Investment Department and are submitted to the executive management to ensure that the currencies positions are within the approved limits.

Risks of Changes in Shares Prices:

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

| 31 December 2020 | | Change in equity prices | Effect on profit and losses | Effect on shareholders |
|--|-----|-------------------------|-----------------------------|------------------------|
| Indicator | % | JD | JD | JD |
| Amman Stock Exchange and Palestine Securities Exchange | 5 | 82,296 | | 1,197,744 |
| Amman Stock Exchange and Palestine Securities Exchange | (5) | (82,296) | | (1,197,744) |

| 31 December 2019 | | Change in equity prices | Effect on profit and losses | Effect on shareholders |
|--|-----|-------------------------|-----------------------------|------------------------|
| Indicator | % | JD | JD | JD |
| Amman Stock Exchange and Palestine Securities Exchange | 5 | 93,819 | | 304,548 |
| Amman Stock Exchange and Palestine Securities Exchange | (5) | (93,819) | | (304,548) |

- Shares prices risks

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

- Interest repricing gap

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

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

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

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

Interest rate sensitivity

| | Less than 1 month | | From 1 to 3 months | | From 3 to 6 months | | From 6 months to 1 year | | From 1 to 3 years | | Over 3 years | | Non - interest bearing items | | Total | |
|---|----------------------|----------------------|---------------------|----------------------|--------------------|--------------------|-------------------------|----------------------|-------------------|----|--------------|----|------------------------------|------------|-------|-------------|
| | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD |
| Assets | | | | | | | | | | | | | | | | |
| Cash and balances at central Banks | 25,000,000 | - | - | - | - | - | - | - | - | - | - | - | - | 71,851,544 | - | 96,851,544 |
| Balances at banks and financial institutions | 39,363,650 | 123,302 | - | - | - | - | - | - | - | - | 30,000,000 | - | - | 9,831,321 | - | 79,318,273 |
| Direct credit facilities, net | 52,769,352 | 50,549,595 | 77,161,806 | 88,603,705 | 245,484,757 | - | - | - | - | - | 199,331,810 | - | - | - | - | 713,901,025 |
| Financial assets at fair value through the income statement | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,645,923 | - | 1,645,923 |
| Financial assets at fair value through other comprehensive income | - | - | - | - | - | - | - | - | - | - | - | - | - | 29,053,113 | - | 29,053,113 |
| Financial assets at amortized costs | 1,015,018 | 10,635,000 | 15,500,009 | 7,963,000 | 84,747,100 | - | - | - | - | - | 162,346,059 | - | - | - | - | 282,206,186 |
| Property and equipment, net | - | - | - | - | - | - | - | - | - | - | - | - | - | 21,872,682 | - | 21,872,682 |
| Intangible assets, net | - | - | - | - | - | - | - | - | - | - | - | - | - | 2,093,653 | - | 2,093,653 |
| Deferred tax assets | - | - | - | - | - | - | - | - | - | - | - | - | - | 11,215,869 | - | 11,215,869 |
| Right of use asset | - | - | - | - | - | - | - | - | - | - | - | - | - | 5,119,281 | - | 5,119,281 |
| Other assets | - | 3,962,843 | 11,250,522 | - | - | - | - | - | - | - | - | - | - | 93,530,651 | - | 108,744,016 |
| Total assets | 118,148,020 | 65,270,740 | 103,912,337 | 96,566,705 | 330,231,857 | 391,677,869 | 246,214,037 | 1,352,021,565 | | | | | | | | |
| Liabilities | | | | | | | | | | | | | | | | |
| Banks and financial institution deposits | 27,670,901 | - | - | - | - | - | - | - | - | - | 30,000,000 | - | - | - | - | 102,670,901 |
| Customers' deposits | 276,928,444 | 187,002,564 | 172,105,116 | 199,716,120 | 99,934,722 | - | - | - | - | - | - | - | - | - | - | 935,686,966 |
| Cash margins | 30,772,479 | 5,545,126 | - | 4,556,997 | 530,000 | - | - | - | - | - | 418,000 | - | - | - | - | 41,822,602 |
| Borrowed funds | 13,591,509 | 26,865,672 | 180,885 | 24,556,173 | 13,126,724 | - | - | - | - | - | 25,243,765 | - | - | - | - | 103,564,728 |
| Income tax Provision | - | - | - | - | - | - | - | - | - | - | - | - | - | 174,758 | - | 174,758 |
| Various provisions | - | - | - | - | - | - | - | - | - | - | - | - | - | 822,511 | - | 822,511 |
| lease liabilities | 66,744 | 133,488 | 200,231 | 400,463 | 2,217,908 | - | - | - | - | - | 1,811,465 | - | - | - | - | 4,830,299 |
| Other liabilities | - | - | - | - | - | - | - | - | - | - | - | - | - | 22,982,013 | - | 22,982,013 |
| Total Liabilities | 349,030,077 | 219,546,850 | 172,486,232 | 229,229,753 | 160,809,354 | 57,473,230 | 23,979,282 | 1,212,554,778 | | | | | | | | |
| Interest rate sensitivity gap | (230,882,057) | (154,276,110) | (68,573,895) | (132,663,048) | 169,422,503 | 334,204,639 | 222,234,755 | 139,466,787 | | | | | | | | |
| 31 December 2019 | | | | | | | | | | | | | | | | |
| Total Assets | 107,901,018 | 102,790,825 | 146,928,123 | 82,242,490 | 251,346,993 | 289,065,739 | 406,317,834 | 1,386,593,022 | | | | | | | | |
| Total Liabilities | 505,857,986 | 200,413,505 | 106,826,703 | 88,602,141 | 161,128,851 | 18,012,974 | 166,552,088 | 1,247,394,248 | | | | | | | | |
| Interest rate sensitivity gap | (397,956,968) | (97,622,680) | 40,101,420 | (6,359,651) | 90,218,142 | 271,052,765 | 239,765,746 | 139,198,774 | | | | | | | | |

Foreign Currency risk concentration:

| | USD | Euro | Sterling Pounds | Others | Total |
|---|--------------------|-------------------|-----------------|------------------|--------------------|
| 31 December 2020 | JD | JD | JD | JD | JD |
| Assets | | | | | |
| Cash and balances at Central Banks | 18,869,035 | 3,323,988 | 282,203 | 313,866 | 22,789,092 |
| Balances at banks and financial institutions | 37,141,914 | 10,374,609 | 144,539 | 2,170,772 | 49,831,834 |
| Direct credit facilities | 46,222,686 | 7,970,921 | - | - | 54,193,607 |
| Financial assets at fair value through other comprehensive income | 19,407,215 | 59,677 | - | - | 19,466,892 |
| Financial assets measured at amortized cost | 34,550,527 | - | - | - | 34,550,527 |
| Other assets | 5,481,759 | 13,587 | 3 | 71,048 | 5,566,397 |
| Total Assets | 161,673,136 | 21,742,782 | 426,745 | 2,555,686 | 186,398,349 |
| Liabilities | | | | | |
| Banks and financial institutions deposits | 15,429,014 | 1,573,460 | 8,991 | 106,249 | 17,117,714 |
| Customers' deposits | 130,421,704 | 20,497,908 | 827,783 | 2,171,079 | 153,918,474 |
| Cash margins | 7,090,928 | (482,260) | (566,979) | (159,234) | 5,882,455 |
| Other Liabilities | 814,832 | 2,876 | 177,811 | (19,166) | 976,353 |
| Owners' equity | (290,845) | 10,844 | - | - | (280,001) |
| Total Liabilities | 153,465,633 | 21,602,828 | 447,606 | 2,098,928 | 177,614,995 |
| Net concentration on – statement of financial position | 8,207,503 | 139,954 | (20,861) | 456,758 | 8,783,354 |
| Contingent liabilities off - statement of financial position | 32,364,785 | 880,417 | ≡ | 1,081,627 | 34,326,829 |
| 31 December 2019 | | | | | |
| Total Assets | 143,257,792 | 19,956,239 | 642,673 | 3,027,431 | 166,884,135 |
| Total Liabilities | 141,430,456 | 19,962,587 | 705,763 | 2,117,088 | 164,215,894 |
| Net concentration on – statement of financial position | 1,827,336 | (6,348) | (63,090) | 910,343 | 2,668,241 |
| Contingent liabilities off - statement of financial position | 103,553,375 | 647,025 | 9,298 | 1,252,976 | 105,462,674 |

c. Liquidity risk

Liquidity risk is defined as the Bank's inability to make available the necessary funding to fulfil its obligations on their maturities. To protect the Bank against these risks, management diversifies funding sources, manages assets and liabilities, matches their maturities and maintains an adequate balance of cash, cash equivalents and marketable securities.

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

Management, measurement, and control of liquidity are conducted based on normal and emergency conditions. This includes analysis of the maturity dated of assets and various financial ratios.

Fund sources:

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

Moreover, the Bank has a large customer base comprising of individuals, establishments, and corporations, due to its financial strength, the bank has an ability to access cash markets, which represent an additional available funding source.

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

The table below summarizes the distribution of liabilities (un-discounted) based on the remainder of the contractual maturity as of 31 December 2020:

| 31 December 2020 | Less than 1 Month | 1 to 3 Months | From 3 to 6 Months | From 6 Months to 1 year | From 1 To 3 Years | Over 3 Years | Without Maturity | Total |
|---|-------------------|---------------|--------------------|-------------------------|-------------------|--------------|------------------|---------------|
| | JD | JD | JD | JD | JD | JD | JD | JD |
| Banks' and financial institution's deposits | 27,670,901 | - | - | - | 45,000,000 | 30,000,000 | - | 102,670,901 |
| Customers' deposits | | 187,002,564 | 172,105,116 | 199,716,120 | 99,934,722 | - | - | 935,686,966 |
| Cash margins | 2,091,130 | 4,182,260 | 6,273,390 | 8,364,520 | 20,911,302 | - | - | 41,822,602 |
| Borrowed funds | 13,591,509 | 26,865,672 | 180,885 | 24,556,173 | 13,126,724 | 25,243,765 | - | 103,564,728 |
| Income Tax Provision | 161,161 | - | - | 46,350 | 615,000 | - | - | 822,511 |
| Various provisions | - | - | - | - | - | - | - | 174,758 |
| Lease liabilities | 31,906 | 220,869 | 212,716 | 598,247 | 3,191,214 | 575,347 | - | 4,830,299 |
| Other liabilities | 9,525,484 | 2,241,631 | 2,876,508 | 3,452,217 | 4,886,173 | - | - | 22,982,013 |
| Total Liabilities | 330,000,535 | 220,512,996 | 181,648,615 | 236,733,627 | 185,865,135 | 55,819,112 | - | 1,212,554,778 |
| Total Assets (according to expected maturities) | 118,153,220 | 65,843,265 | 106,633,752 | 99,761,825 | 337,883,127 | 391,677,870 | 232,068,506 | 1,352,021,565 |

| 31 December 2019 | Less than 1 Month | 1 to 3 Months | From 3 to 6 Months | From 6 Months to 1 year | From 1 To 3 Years | Over 3 Years | Without Maturity | Total |
|---|-------------------|---------------|--------------------|-------------------------|-------------------|--------------|------------------|---------------|
| | JD | JD | JD | JD | JD | JD | JD | JD |
| Banks' and financial institution's deposits | 27,386,747 | - | 2,000,000 | 3,000,000 | 55,000,000 | - | - | 87,386,747 |
| Customers' deposits | | 141,163,589 | 104,613,461 | 71,721,108 | 79,682,298 | - | - | 836,698,393 |
| Cash margins | 2,828,611 | 5,657,221 | 8,485,832 | 11,314,443 | 28,286,108 | - | - | 56,572,215 |
| Borrowed funds | 4,259 | 50,000,000 | 34,557 | 7,096,767 | 22,777,439 | 16,170,560 | - | 96,083,582 |
| Various provisions | - | - | - | 370,624 | 1,000,000 | - | - | 1,370,624 |
| Deferred Tax Liability | - | - | - | 50,388 | - | - | - | 50,388 |
| Lease liabilities | 74,443 | 129,035 | 164,784 | 495,158 | 1,997,114 | 1,677,733 | - | 4,538,267 |
| Other liabilities | 13,276,742 | 4,298,841 | 5,096,796 | 5,636,532 | 10,861,697 | - | - | 39,170,608 |
| Liabilities directly associated to assets held for sale | - | - | 125,523,424 | - | - | - | - | 125,523,424 |
| Total Liabilities | 483,088,739 | 201,248,686 | 245,918,854 | 99,685,020 | 199,604,656 | 17,848,293 | - | 1,247,394,248 |
| Total Assets (according to expected maturities) | 107,905,275 | 103,202,085 | 293,423,069 | 93,172,708 | 256,806,649 | 289,065,738 | 243,017,498 | 1,386,593,022 |

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

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

Off- statement of financial position items:

| 31 December, 2020 | Up to 1 Year | from 1-5 Years | Total |
|-----------------------------------|--------------------|----------------|--------------------|
| | JD | JD | JD |
| Letters of guarantee | 116,397,048 | - | 116,397,048 |
| Letters of credit and acceptances | 26,182,970 | - | 26,182,970 |
| Lease liabilities | 151,084 | - | 151,084 |
| Un-utilized facilities | 64,066,189 | - | 64,066,189 |
| Total | <u>206,797,291</u> | = | <u>206,797,291</u> |

| 31 December, 2019 | Up to 1 Year | from 1-5 Years | Total |
|-----------------------------------|--------------------|----------------|--------------------|
| | JD | JD | JD |
| Letters of guarantee | 148,307,196 | - | 148,307,196 |
| Letters of credit and acceptances | 72,880,482 | - | 72,880,482 |
| Lease liabilities | 98,082 | - | 98,082 |
| Un-utilized facilities | 63,583,115 | - | 63,583,115 |
| Total | <u>284,868,875</u> | = | <u>284,868,875</u> |

(39) Bank's Segment Information**a. Information on the key business segments**

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

- Individual accounts: includes following up on individual customers deposits, and granting them credit, credit cards and
- Corporate accounts: includes following up on deposits, credit facilities, and banking services related to corporate
- Treasury: This segment includes providing dealing services and managing the Banks' funds.
- Others: This segment includes the activities which do not meet the definition of the Banks' business segments.

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

| | Individuals | Corporate | Institutional Financing and Treasury | Others | Total | |
|---|--------------------|--------------------|--------------------------------------|--------------------|--------------------------------|----------------------|
| | | | | | For the year ended 31 December | |
| | | | | | 2020 | 2019 |
| | JD | JD | JD | JD | JD | JD |
| Gross income for the year – statement (B) | 18,012,827 | 21,709,318 | 1,664,353 | 1,343,652 | 42,730,150 | 42,458,563 |
| Less: Expected credit losses allowance | (391,317) | (7,065,370) | (591,044) | - | (8,047,731) | (891,610) |
| Segment results | 17,621,510 | 14,643,948 | 1,073,309 | 1,343,652 | 34,682,419 | 41,566,953 |
| Less: distributed segment expenses | (10,855,254) | (13,082,908) | (1,188,148) | (2,823,102) | (27,949,412) | (28,786,722) |
| Income before tax | 6,766,256 | 1,561,040 | (114,839) | (1,479,450) | 6,733,007 | 12,780,231 |
| Less: Income tax | - | - | - | (2,028,828) | (2,028,828) | (2,170,473) |
| Profit for the year from continued operations | 6,766,256 | 1,561,040 | (114,839) | (3,508,278) | 4,704,179 | 10,609,758 |
| Loss for the year from discontinued operation | - | - | - | (4,190,676) | (4,190,676) | (5,296,692) |
| Income for the year – statement (B) | <u>6,766,256</u> | <u>1,561,040</u> | <u>(114,839)</u> | <u>(7,698,954)</u> | <u>513,503</u> | <u>5,313,066</u> |
| Capital expenditures | - | - | - | 2,170,815 | 2,170,815 | 3,319,574 |
| Depreciation and amortization | - | - | - | 3,621,716 | 3,621,716 | 3,570,301 |
| Total Assets | <u>247,963,568</u> | <u>482,621,130</u> | <u>500,454,679</u> | <u>120,982,188</u> | <u>1,352,021,565</u> | <u>1,386,593,022</u> |
| Total Liabilities | <u>623,912,887</u> | <u>358,753,399</u> | <u>209,270,347</u> | <u>20,618,145</u> | <u>1,212,554,778</u> | <u>1,247,394,248</u> |

b. Geographical distribution information

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

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

| | Inside Jordan | | Outside Jordan | | Total | |
|------------------------------|--------------------------------|---------------|--------------------------------|-------------|--------------------------------|---------------|
| | For the year ended 31 December | | For the year ended 31 December | | For the year ended 31 December | |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | JD | JD | JD | JD | JD | JD |
| Gross income – statement (B) | 42,902,787 | 44,477,489 | (172,637) | (2,018,926) | 42,730,150 | 42,458,563 |
| Capital expenditures | 2,170,815 | 2,569,854 | - | 749,720 | 2,170,815 | 3,319,574 |
| | | | | | | |
| | 31 December | | 31 December | | 31 December | |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | JD | JD | JD | JD | JD | JD |
| Bank's Assets | 1,277,270,305 | 1,213,052,825 | 74,751,260 | 173,540,197 | 1,352,021,565 | 1,386,593,022 |

Credit Exposures Distribution

| Internal Credit ratings | Category classification according to (47/2009) | Total exposure | ECL | PD | EAD | LGD |
|---------------------------|--|----------------|------------|--------------|---------------|----------------|
| | JD | JD | JD | JD | JD | % |
| Operating loans | | | | | | |
| 1 | Operating | 5,000,300 | - | - | 5,000,150 | - |
| 2 | Operating | 207,500 | 15 | 0-0,001 | 203,750 | 0-26 |
| 3+ | Operating | 60,622 | 15 | 0-0,127 | 32,032 | 0-49 |
| 3 | Operating | 3,679,160 | 150 | 0-0,003 | 3,529,181 | 0-20,8 |
| 3- | Operating | 310,685 | 257 | 0-0,127 | 188,789 | 0-49 |
| 4+ | Operating | 3,165,484 | 1,401 | 0-0,133 | 2,017,723 | 0-26 |
| 4 | Operating | 35,497,134 | 30,378 | 0-0,697 | 29,990,070 | 0-49 |
| 4- | Operating | 67,570,680 | 59,170 | 0-0,555 | 58,283,618 | 0-49 |
| 5+ | Operating | 145,140,783 | 264,511 | 0-0,211 | 116,532,024 | 0-49 |
| 5 | Operating | 168,527,006 | 326,103 | 0-0,159 | 143,711,761 | 0-49 |
| 5- | Operating | 124,733,330 | 741,495 | 0-0,168 | 106,258,226 | 0-49 |
| 6+ | Operating | 526,720,181 | 3,384,768 | 0-0,433 | 516,195,142 | 0-75 |
| 6 | Operating | 40,858,982 | 992,121 | 0,004-0,701 | 31,254,064 | 0-26 |
| 6- | Operating | 16,566,824 | 449,640 | 0,020-0,723 | 15,056,061 | 0-49 |
| 7+ | Operating | 5,328,197 | 259,021 | 0,133- 100 | 4,462,802 | 0-26 |
| 7 | Operating | 2,963,515 | 431,750 | 0,396- 0,958 | 2,951,332 | 0-26 |
| 7- | Operating | 35,368 | 9,196 | 100 | 35,369 | 26 |
| 9 | Operating | 349 | - | 100 | 325 | 0-49 |
| 10 | Operating | 1,167 | 2 | 100 | 85 | 0-100 |
| Not rated | Operating | 256,762,296 | 2,167,657 | 0-100 | 255,120,752 | 0-49 |
| Total operating loans | | 1,403,129,563 | 9,117,650 | | 1,290,823,256 | |
| Non-operating loans | | | | | | |
| 4 | Non-operating | 1,401,053 | 67,991 | 100 | 1,361,678 | 3,043 - 27,986 |
| 4- | Non-operating | 48,335 | 4,842 | 100 | 30,261 | 5,071-75 |
| 5+ | Non-operating | 401,280 | 7,668 | 100 | 358,557 | 0-26 |
| 5 | Non-operating | 797,225 | 97,241 | 100 | 546,720 | 0-49 |
| 5- | Non-operating | 448,655 | 41,259 | 100 | 425,465 | 5,36-26 |
| 6+ | Non-operating | 9,214,206 | 1,456,931 | 100 | 6,616,668 | 0-26 |
| 6 | Non-operating | 390,740 | 29,520 | 100 | 369,126 | 7,083-26 |
| 6- | Non-operating | 7,000 | 2,800 | 100 | 3,500 | 80-89,569 |
| 7 | Non-operating | 74,845 | 10,369 | 100 | 70,982 | 2,587-26 |
| 8 | Non-operating | 2,593,487 | 724,851 | 100 | 2,528,790 | 0-49 |
| 9 | Non-operating | 5,725,625 | 2,989,264 | 100 | 5,501,958 | 0-49 |
| 10 | Non-operating | 72,750,286 | 45,326,923 | 100 | 58,487,186 | 0-100 |
| Not rated | Non-operating | 2,685,984 | 1,602,441 | 100 | 2,507,049 | 0-100 |
| Total non-operating loans | | 96,538,721 | 52,362,100 | | 78,807,940 | |

a. Credit risk exposures categorized by economical distribution:

| | Financial | | Industrial | | Trading | | Real estate | | construction | | Agricultural | | Shares | | Individual | | Governmental and public sector | | Other | | Total | |
|--|-------------|--|-------------|--|-------------|--|-------------|--|--------------|--|--------------|--|------------|--|-------------|--|--------------------------------|--|-------------|--|---------------|--|
| | JD | | JD | | JD | | JD | | JD | | JD | | JD | | JD | | JD | | JD | | JD | |
| Balances with central bank | 72,869,348 | | - | | - | | - | | - | | - | | - | | - | | - | | - | | 72,869,348 | |
| Balances at banks and financial institutions | 79,318,273 | | - | | - | | - | | - | | - | | - | | - | | - | | - | | 79,318,273 | |
| Direct credit facilities | 49,559,640 | | 79,416,125 | | 132,371,229 | | 113,845,966 | | 27,520,282 | | 5,632,089 | | 2,070,737 | | 186,629,306 | | 47,958,557 | | 68,897,094 | | 713,901,025 | |
| Financial assets at amortized cost | 3802,455 | | - | | - | | - | | - | | - | | - | | - | | 278,403,731 | | - | | 282,206,186 | |
| Other assets | = | | = | | 15,029,810 | | = | | = | | = | | = | | = | | = | | = | | 15,029,810 | |
| Total current year | 205,549,716 | | 79,416,125 | | 147,401,039 | | 113,845,966 | | 27,520,282 | | 5,632,089 | | 2,070,737 | | 186,629,306 | | 326,362,288 | | 68,897,094 | | 1,163,324,642 | |
| LGs | 2,289,251 | | 4,081,937 | | 11,927,768 | | 55,389,301 | | - | | 269,843 | | 8,756,955 | | 8,866,578 | | - | | 23,877,084 | | 115,458,717 | |
| LCs | - | | 5,997,557 | | 19,089,905 | | 1,062,955 | | - | | - | | - | | - | | - | | - | | 26,150,417 | |
| Other obligations | 12,557,972 | | 11,793,829 | | 19,553,693 | | 38,457,039 | | - | | 229,789 | | 2,378,908 | | 15,529,779 | | - | | 13,767,937 | | 114,268,946 | |
| Total | 220,396,939 | | 101,289,448 | | 197,972,405 | | 208,755,261 | | 27,520,282 | | 6,131,721 | | 13,206,600 | | 211,025,663 | | 326,362,288 | | 106,542,115 | | 1,419,202,722 | |

b. Credit risk exposures categorized by economic sector and stages according to IFRS 9 as of 31 December 2020:

| | Stage 1 | | Stage 2 | | Stage 3 | | Total | |
|--------------------------------|---------------|--|-------------|--|------------|--|---------------|--|
| | JD | | JD | | JD | | JD | |
| Financial | 217,314,020 | | 2,003,372 | | 1,079,547 | | 220,396,939 | |
| Industrial | 94,571,288 | | 672,514 | | 6,045,646 | | 101,289,448 | |
| Trading | 155,977,133 | | 39,222,722 | | 2,772,550 | | 197,972,405 | |
| Real estates | 169,917,386 | | 32,724,458 | | 6,113,417 | | 208,755,261 | |
| Agricultural | 12,770,016 | | 13,579,239 | | 1,171,027 | | 27,520,282 | |
| construction | 5,820,153 | | 144,010 | | 167,558 | | 6,131,721 | |
| Shares | 10,786,534 | | 2,172,229 | | 247,837 | | 13,206,600 | |
| Individual | 195,112,152 | | 11,912,081 | | 4,001,430 | | 211,025,663 | |
| Governmental and Public sector | 326,362,228 | | - | | 60 | | 326,362,288 | |
| Other | 95,273,102 | | 7,279,534 | | 3,989,479 | | 106,542,115 | |
| Total | 1,283,904,012 | | 109,710,159 | | 25,588,551 | | 1,419,202,722 | |

c. Credit risk exposures categorized by geographical distribution:

| | Inside Jordan | Middle East | Europe | Asia | Africa | America | Others | Total |
|--|---------------|-------------|------------|-----------|---------|-----------|-----------|---------------|
| | JD | JD | JD | JD | JD | JD | JD | JD |
| Balances with central bank | 72,869,348 | - | - | - | - | - | - | 72,869,348 |
| Balances at banks and financial institutions | 35,670,885 | 34,323,858 | 3,399,656 | 16,192 | 280,752 | 5,058,811 | 568,119 | 79,318,273 |
| Direct credit facilities | | | | | | | | |
| Individual | 186,629,308 | - | - | - | - | - | - | 186,629,308 |
| Real-estate loans | 113,845,966 | - | - | - | - | - | - | 113,845,966 |
| Corporates | 304,780,967 | - | 7,830,450 | - | - | - | - | 312,611,417 |
| Small and medium companies | 52,855,756 | - | - | - | - | - | - | 52,855,756 |
| Government & public sector | 47,958,578 | - | - | - | - | - | - | 47,958,578 |
| Financial assets at amortized cost | 282,206,186 | - | - | - | - | - | - | 282,206,186 |
| Other assets | 15,029,810 | - | - | - | - | - | - | 15,029,810 |
| Total current year | 1,111,846,804 | 34,323,858 | 11,230,106 | 16,192 | 280,752 | 5,058,811 | 568,119 | 1,163,324,642 |
| LGs | 115,458,717 | - | - | - | - | - | - | 115,458,717 |
| LCs | 6,633,921 | 1,564,325 | 6,399,757 | 2,220,287 | - | 370,663 | 8,961,464 | 26,150,417 |
| Other obligations | 114,268,946 | - | - | - | - | - | - | 114,268,946 |
| Total | 1,348,208,388 | 35,888,183 | 17,629,863 | 2,236,479 | 280,752 | 5,429,474 | 9,529,583 | 1,419,202,722 |

d. Credit exposure categorized by geographical distribution and stages in accordance to IFRS 9 as of 31 December 2020:

| Item | Stage 1 | Stage 2 | Stage 3 | Total |
|---------------|---------------|-------------|------------|---------------|
| | JD | JD | JD | JD |
| Inside Jordan | 1.222.241.805 | 100,378,032 | 25,588,551 | 1,348,208,388 |
| Middle east | 35.888.183 | - | - | 35.888.183 |
| Europe | 17.629.863 | - | - | 17.629.863 |
| Asia * | 2.236.479 | - | - | 2.236.479 |
| AFRICA | 280.752 | - | - | 280.752 |
| America | 5.058.811 | 370.663 | - | 5.429.474 |
| Others | 568.119 | 8.961.464 | - | 9.529.583 |
| Total | 1.283.904.012 | 109,710,159 | 25,588,551 | 1,419,202,722 |

(40) Capital Management

a. Description of Capital

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

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

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

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

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

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

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

c. Method of Achieving Capital Management Goals.

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

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

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

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

Capital Adequacy

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

| | 31 December | |
|--|----------------------|----------------------|
| | 2020 | 2019 |
| | JD | JD |
| Core capital items: | | |
| Subscribed and Paid-up capital | 120,000,000 | 120,000,000 |
| Retained earnings | 5,534,153 | 1,862,494 |
| Other comprehensive income items | | |
| Fair value reserve - net | (2,020,984) | (2,211,406) |
| Statutory reserve | 15,953,618 | 15,460,318 |
| Cyclicality reserve | - | 3,538,675 |
| Total core capital before regulatory amendments | 139,466,787 | 138,650,081 |
| Less: | | |
| Intangible assets - net | (2,093,653) | (1,855,317) |
| Deferred tax assets | (11,215,869) | (12,313,532) |
| Deferred provisions with the approval of the Central Bank | (7,403,107) | (6,372,212) |
| Investing in the capital of banks and financial companies outside The scope of unification, in which the bank owns more than 10% | (6,374,244) | - |
| Total regulatory amendments | (27,086,873) | (20,541,061) |
| Net core capital | 112,379,914 | 118,109,020 |
| Supplementary capital items: | | |
| Provision required against credit facilities in stage 1 | 4,294,508 | 6,017,826 |
| General banking risks reserve | - | 548,693 |
| Total supplementary capital | 116,674,422 | 124,675,539 |
| Assets weighted by risks-continuous operations | | |
| Credit risk | 931,326,219 | 917,922,978 |
| Market risk | 12,096,061 | 6,490,446 |
| Operation risk | 76,958,413 | 76,524,519 |
| Total assets weighted by risks-continued operations | 1,020,380,693 | 1,000,937,943 |
| Credit risk | - | 105,419,438 |
| Market risk | - | 300,567 |
| Operation risk | - | 10,071,329 |
| Total assets weighted by risks-discontinued operations | - | 115,791,334 |
| Total assets weighted by risks | 1,020,380,693 | 1,116,729,277 |
| Ratio of regulatory capital | 11.43% | 11.16% |
| Core capital ratio | 11.01% | 10.58% |

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

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

(42) Assets and liabilities Maturity Analysis:

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

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

| | Up to One Year | More than One Year | Total |
|---|----------------------|-----------------------|----------------------|
| 31 December 2019 | JD | JD | JD |
| Assets: | | | |
| Cash and balances at central banks | 71,264,135 | - | 71,264,135 |
| Balances at banks and financial institutions | 36,642,539 | - | 36,642,539 |
| Direct credit facilities – net | 293,977,062 | 375,023,313 | 669,000,375 |
| Financial Assets fair valued through profit or loss | 1,876,382 | - | 1,876,382 |
| Financial assets at fair value through other comprehensive income | 1,888,247 | 9,217,690 | 11,105,937 |
| Financial assets measured at amortized cost | 115,537,481 | 161,196,645 | 276,734,126 |
| Properties, equipment and projects under construction - net | - | 22,430,397 | 22,430,397 |
| Intangible assets - net | - | 1,855,317 | 1,855,317 |
| Right-of-use assets | - | 5,141,936 | 5,141,936 |
| Other assets | - | 12,313,532 | 12,313,532 |
| Assets held for sale, net | 128,995,607 | 5,459,655 | 134,455,262 |
| Deferred tax assets | 143,773,084 | - | 143,773,084 |
| Total Assets | 793,954,537 | 592,638,485 | 1,386,593,022 |
| Liabilities: | | | |
| Banks and financial institutions deposits | 32,386,747 | 55,000,000 | 87,386,747 |
| Customers deposits | 757,016,095 | 79,682,298 | 836,698,393 |
| Cash margins | 28,286,107 | 28,286,108 | 56,572,215 |
| Borrowed funds | 57,135,583 | 38,947,999 | 96,083,582 |
| Various provisions | 370,624 | 1,000,000 | 1,370,624 |
| Deferred tax liabilities | 50,388 | - | 50,388 |
| lease liabilities | 863,420 | 3,674,847 | 4,538,267 |
| Other liabilities | 28,308,911 | 10,861,697 | 39,170,608 |
| Liabilities directly associated with assets held for sale | 125,523,424 | - | 125,523,424 |
| Total Liabilities | 1,029,941,299 | 217,452,949 | 1,247,394,248 |
| Net Assets | (235,986,762) | 375,185,536 | 139,198,774 |

(43) Fair Value Measurement

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

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

| Financial assets / Financial liabilities | Fair value | | Fair value hierarchy | Valuation techniques and key inputs | Significant unobservable inputs | Relationship of unobservable inputs of fair value |
|---|-------------------|-------------------|-------------------------|---|---------------------------------------|---|
| | 31 December | | | | | |
| | 2020 | 2019 | | | | |
| | JD | JD | | | | |
| Financial assets at fair value through the income statement | | | | | | |
| Companies stocks | <u>1,645,923</u> | <u>1,876,382</u> | Level 1 | Announced prices in financial markets | Not applicable | Not applicable |
| Total | <u>1,645,923</u> | <u>1,876,382</u> | | | | |
| Financial assets at fair value through other comprehensive income | | | | | | |
| Quoted shares | 23,954,878 | 6,090,959 | Level 1 | Announced prices in financial markets | Not applicable | Not applicable |
| Unquoted shares | <u>5,098,235</u> | <u>,5,014,978</u> | Level 2 | Through comparison of fair value of similar financial instrument | Not applicable | Not applicable |
| | <u>29,053,113</u> | <u>11,105,937</u> | | | | |

There are no transfers between level 1 and level 2 during the year ended 31 December 2020.

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

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

| | 31 December | | | | Fair value Hierarchy |
|---|----------------------|----------------------|----------------------|----------------------|-------------------------|
| | 2020 | | 2019 | | |
| | Book value | Fair value | Book value | Fair value | |
| | JD | JD | JD | JD | |
| Financial assets with no specified fair value | | | | | |
| Deposits at Central Banks | 72,869,348 | 72,873,458 | 53,825,702 | 53,825,702 | Level 2 |
| Balances and deposits at banks and financial institutions | 79,318,273 | 79,365,495 | 36,642,539 | 36,659,857 | Level 2 |
| Loans and advances | 713,901,025 | 722,054,750 | 669,000,375 | 673,443,153 | Level 2 |
| Financial assets at amortized cost | <u>282,206,186</u> | <u>284,914,022</u> | <u>276,734,126</u> | <u>279,857,387</u> | Level 2 |
| Total financial assets with no specified fair value | <u>1,148,294,832</u> | <u>1,159,207,725</u> | <u>1,036,202,742</u> | <u>1,043,786,099</u> | |
| Financial liabilities with no specified fair value | | | | | |
| Banks and financial institutions deposits | 102,670,901 | 103,761,922 | 87,386,747 | 90,951,231 | Level 2 |
| Customer deposits | 935,686,966 | 938,504,257 | 836,698,393 | 841,176,294 | Level 2 |
| Cash margin | 41,822,602 | 42,088,631 | 56,572,215 | 56,980,987 | Level 2 |
| Borrowed funds | <u>103,564,728</u> | <u>104,208,748</u> | <u>96,083,582</u> | <u>96,111,737</u> | Level 2 |
| Total financial liabilities with no specified fair value | <u>1,183,745,197</u> | <u>1,188,563,558</u> | <u>1,076,740,937</u> | <u>1,085,220,249</u> | |

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

(44) Commitments and Contingent liabilities (off-Statement of Financial Position)**a. The details of this item are as follows:**

| | 31 December | |
|--|--------------------|--------------------|
| | 2020 | 2019 |
| | JD | JD |
| Letter of credit | 3,724,919 | 40,484,523 |
| Acceptances | 22,458,051 | 32,395,959 |
| Letter of guarantees: | | |
| -Payment | 27,159,613 | 28,608,707 |
| -Performance bonds | 39,663,917 | 64,340,267 |
| -Others | 49,573,518 | 55,358,222 |
| Unutilized direct credit facilities ceilings | 64,066,189 | 63,583,115 |
| Total | 206,646,207 | 284,770,793 |

b. Operating leases amounted to JD 151,084 as of 31 December 2020 (JD 98,082 as of 31 December 2019)**(45) Litigation**

Lawsuits raised against the Bank amounted to JD 26,399,514 as at 31 December 2020 (31 December 2019 JD 20,897,947). In the opinion of the Bank's management and the legal advisor, no further liabilities exceeding the provision of JD 207,152 is required as at 31 December 2020 (31 December 2019 JD 368,568).

(46) Assets Held for Sale and Discounted Operations

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

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

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

| | 2020 | 2019 |
|--|--------------------|--------------------|
| | JD | JD |
| Credit facilities | 2,254,481 | 5,215,733 |
| Less: debit facilities | (1,696,155) | (3,703,989) |
| Net interest income | 558,326 | 1,511,744 |
| Net commission income | 69,885 | 151,202 |
| Net interest and commission income | 628,211 | 1,662,946 |
| Foreign currency earnings | 60,704 | 111,793 |
| Returns on dividends on financial assets at fair value through the statement of comprehensive income | 191,368 | 191,368 |
| Other income | 155,402 | 538,143 |
| Gross income | 1,035,685 | 2,504,250 |
| Total employees' costs | 921,885 | 2,013,715 |
| Depreciation and amortization | 267,619 | 512,751 |
| Provision for expected credit losses - net | 1,220,003 | 373,500 |
| Other Provisions | 1,877,255 | 253,069 |
| Provision for losses on the sale of Palestine branches | - | 3,708,487 |
| Other expenses | 939,599 | 1,895,531 |
| Total expenses | 5,226,361 | 8,757,053 |
| (Loss) before tax | (4,190,676) | (6,252,803) |
| Income tax | - | 956,109 |
| (Loss) for the year from discontinued operations | (4,190,676) | (5,296,692) |

The details of assets held for sale and the liabilities associated with assets held for sale are as follows:

| | Net balance as of 31 December 2019 |
|---|---------------------------------------|
| Assets | JD |
| Cash and balances with central banks | 45,640,351 |
| Balances at banks and financial institutions | 23,838,000 |
| Direct credit facilities, net | 66,624,830 |
| Financial assets at fair value through other comprehensive income | 2,009,364 |
| Financial assets at amortized cost, net | 1,392,078 |
| Property and equipment, net | 2,353,113 |
| Intangible assets, net | - |
| Other assets | 1,915,348 |
| Total assets held for sale | <u>143,773,084</u> |
| Liabilities | |
| Bank deposits and banking institutions | 18,969,978 |
| Customer deposits | 98,748,808 |
| Cash margins | 4,610,741 |
| Sundry provisions | 860,506 |
| Other liabilities | <u>2,333,391</u> |
| Total liabilities associated with assets held for sale | <u>125,523,424</u> |

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

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

IFRS 17 Insurance Contracts

IFRS 17 provides a comprehensive model for insurance contracts covering the recognition and measurement and presentation and disclosure of insurance contracts and replaces IFRS 4 -Insurance Contracts. The standard applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The standard general model is supplemented by the variable fee approach and the premium allocation approach.

The new standard will be effective for annual periods beginning on or after 1 January 2021 with comparative figures required. Early application is permitted provided that the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. The Bank does not expect to be affected by this standard.

Amendments to IFRS 3: Definition of a Business

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Bank will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8: Definition of "Material"

The IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments to the definition of material is not expected to have a significant impact on the Bank's financial statements.

Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7

Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7 includes a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. As a result of interest rate benchmark reform, there may be uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument during the period before the replacement of an existing interest rate benchmark with an alternative risk-free interest rate (an RFR). This may lead to uncertainty whether a forecast transaction is highly probable and whether prospectively the hedging relationship is expected to be highly effective.

The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative risk-free interest rate (an "RFR"). The effective date of the amendments is for annual periods beginning on or after 1 January 2020, with early application permitted. The requirements must be applied retrospectively. However, any hedge relationships that have previously been de-designated cannot be reinstated upon application, nor can any hedge relationships be designated with the benefit of hindsight.

With phase one completed, the IASB is now shifting its focus to consider those issues that could affect financial reporting when an existing interest rate benchmark is replaced with an RFR. This is referred to as phase two of the IASB's project. The bank has not early adopted the amendments and has concluded that the uncertainty arising from IBOR reform is not affecting its hedge relationships to the extent that the hedge relationships need to be discontinued.

(48) Comparative Figures

Some of the comparative figures in the financial statements for the year 2019 have been reclassified to be consistent with the year 2020 presentation, with no effect on profit and equity for the year 2019.

The background of the image shows a close-up of a hand holding a pen, poised to write on a document. The document has a grid pattern. A large, semi-transparent purple geometric overlay is positioned on the right side of the image, featuring various patterns such as diagonal lines, a grid, and a dotted pattern. The text is overlaid on this purple area.

Independent Auditor's Report

Continuous Monitoring

Independent Auditor's Report



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

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Jordan Commercial Bank ("the Bank"), which comprise the statement of financial position as at 31 December 2020, and the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the Central Bank of Jordan.

Basis for Qualified Opinion

Included in other assets, seized assets by the Bank against credit facilities of JD 66 million. Management did not reduce the value of these properties to its recoverable amount as required by IFRS. Had management reduced these properties to their recoverable amounts, other assets would have been decreased by JD 3.3 million, deferred tax assets would have been increased by JD 1.3 million, and income for the year would have been decreased by JD 2 million. Our opinion for prior year was also modified in respect of this matter.

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



Key Audit Matters

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

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

| Key audit matter: | How the key audit matter was addressed in the audit: |
|--|---|
| <p>1. Adequate provision for credit losses for credit facilities:</p> <p>This is considered as a key audit matter as the bank exercises significant judgement to determine when and how much to record as impairment.</p> <p>The provision for credit facilities is determined in accordance with the bank's impairment and provisioning policy, which is aligned to the requirements of IFRS 9 as adopted by the Central Bank of Jordan.</p> <p>Credit facilities form a major portion of the Bank's assets, there is a risk that inappropriate impairment provisions are booked, whether from the use of inaccurate underlying data, or the use of unreasonable assumptions. Due to the significance of the judgments used in classifying credit facilities into various stages stipulated in IFRS 9 as adopted</p> | <ul style="list-style-type: none"> We gained an understanding of the Bank's key credit processes comprising granting, booking, monitoring and provisioning and tested the operating effectiveness of key controls over granting and booking processes. We read the Bank's impairment provisioning policy and compared it with the requirements of IFRS 9 as adopted by the Central Bank of Jordan as well as relevant regulatory guidelines and pronouncements after excluding credit exposures with/guaranteed by the Jordanian government, or any other special arrangements with the Central Bank of Jordan. <p>Stage 1 and Stage 2 provision:</p> <ul style="list-style-type: none"> For provision against exposures classified as Stage 1 and Stage 2, we obtained an understanding of the Bank's provisioning methodology, the underlying assumptions |



| | |
|--|---|
| <p>by the Central Bank of Jordan and determining related provision requirements, this audit area is considered a key audit risk.</p> <p>As at 31 December 2020, the Bank's gross credit facilities amounted to JD 791 million and the related impairment provisions amounted to JD 58 million.</p> | <p>and the sufficiency of the data used by management.</p> <ul style="list-style-type: none"> • We obtained an understanding of the Bank's internal rating model for credit facilities. • For exposures moved between stages we have checked the appropriateness of the Bank's determination of significant increase in credit risk and the resultant basis for classification of exposures into various stages. We also checked the timely identification of exposures with a significant deterioration in credit quality. • For a sample of exposures, we checked the appropriateness of the Bank's staging. |
| | <ul style="list-style-type: none"> • For forward looking assumptions used by the Bank in its Expected Credit Loss ("ECL") calculations, we held discussions with management and corroborated the assumptions using publicly available information. • For a sample of exposures, we checked the appropriateness of determining Exposure at Default, including the consideration of repayments in the cash flows and the resultant arithmetical calculations. • We checked that the Loss Given Defaults used by the Bank's management in the ECL calculations were appropriate. • We assessed theoretical soundness and mathematical integrity of the ECL Model. • We assessed the financial statements, disclosures to ensure compliance with IFRS 9. |



| | |
|--|--|
| | <ul style="list-style-type: none"> • The accounting policies, critical accounting estimates and judgments, disclosures of credit facilities and credit risk management in notes 2, 3 and 6 respectively to the financial statements. <p>Stage 3 (Specific) provisions:</p> <p>For exposures determined to be individually impaired, we obtained an understanding of the latest developments in the counterparty's situation, examined management's estimate of future cash flows, and checked the resultant provision calculations. For each exposure selected, we performed the provision calculation by considering alternative scenarios.</p> |
|--|--|

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

Other information consists of the information included in the Annual Report other than the financial statements and our auditor's report thereon. Management is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

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

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

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

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

Report on Other Legal and Regulatory Requirements

The Bank maintains proper books of accounts which are in agreement with the financial statements. Taking into consideration the matter described in the "Basis for Qualified Opinion" section.

Ernst & Young / Jordan

Waddah Issam Barkawi
Registration No. 591

Amman – Jordan
23 March 2021



**Corporate Governance
Manual & Information &
Related Technologies
Governance Guide**

Clear Guidance

Introduction

Based on the Jordanian Commercial Bank's keenness to maintain its integrity as well respect the safety of the Jordanian banking system as a whole, (that it is a part of), and its commitment to international standards for sound banking practices, the Bank recognizes the necessity of complying with the best standards of corporate governance. The Bank is required to adopt corporate governance regulations, comply with the laws and legislations issued by regulatory bodies, and implement policies, instructions and procedures issued by the Board of Directors and Executive Management.

Corporate Governance is based on several fundamental principles, the most important of which is the separation between the responsibilities of the Board of Directors and the responsibilities of the General Manager (the CEO). Another principal is that the Chairman of the Board is a non-executive member. Also, it is a necessity to have organizational and administrative structures in which responsibilities and powers are distributed with full identification and clarity and the existence of effective frameworks for control are specified. It is also required that all stakeholders are treated fairly, with transparency and disclosure that enables them to assess the bank's position and financial performance. In turn, the Members of the Board as well as the Senior Executive Management must have an appropriate level of scientific and practical qualifications, integrity, honesty and good reputation.

Sound corporate governance contributes to strengthening the relationship between the shareholders, Board of Directors, Executive Management and related entities (other banks, depositors and regulatory authorities). It also holds the Executive Management accountable to the Board of Directors on the one hand and holds the Board of Directors accountable to the Owners and related entities, on the other.

This Manual and its associated policies on corporate governance were compiled to highlight the JCB's unique identity and confirm the independence of the Board Members, the absence of any conflict of interests among them and their efficacy in selecting an executive management that is capable of administering the Bank's affairs, in line with the best local and international corporate governance standards and practices.

The provisions of this Manual, as well as the Corporate Governance Policy, shall apply to JCB branches in both Jordan and Palestine.

Part I: Definitions, Aspects and Importance of Corporate

First: Definitions:

| | |
|------------------------------------|--|
| Non-Executive Board Member: | A member who is not a full-time managing officer or employee at the Bank, and does not receive a salary from it. |
| Authorized Person: | A person who is authorized to access internal information by virtue of his position or function at the Bank, including the Chairman and Members of the Board of Directors, Financial Director, Internal Auditor, External Auditor, representatives of legal entities, Board Secretary and relatives of the aforementioned parties. |
| Cumulative Voting: | A system of voting for electing members of the Bank's Board of Directors, which allows shareholders to vote proportionately to the number of shares they hold. Each shareholder is entitled to only one vote per share. This allows a shareholder to cast all of their votes for a single candidate or divide them among several candidates. |
| Governance Report: | A report outlining the Bank's corporate governance applications and practices, and it is incorporated into the Annual Report of the Bank and is signed by the Chairman of the Board. |
| Relatives: | Father, mother, brother, sister, spouse and offspring. |

Second: Corporate Governance:

It is the set of relationships existing between the Bank's Board of Directors, Executive Management, shareholders and other stakeholders of the Bank. It indicates a mechanism that clarifies the institution's objectives and the means to achieve and monitor the fulfillment of these objectives. Therefore, sound corporate governance provides the Board and Executive Management with appropriate incentives for achieving the objectives that are in the best interest of the institution and facilitates an effective control process, and thus helps the institution to utilize its resources efficiently.

In addition, corporate governance is the system demonstrating the manner through which authorities are exercised, decisions are made, banking operations are run safely, and the interests of depositors are safeguarded. It also ensures accountability to shareholders and other stakeholders, as well as the Bank's compliance with applicable legislation and internal policies of the Bank.

Third: Aspects of Corporate Governance:

1. Internal factors:

Corporate Governance is represented in the effective interaction between the shareholders, the Board of Directors, the Executive Management of the bank and other relevant parties. Proper Corporate Governance facilitates the Bank's ability to define and achieve the objectives set forth by the Board of Directors and the strategies developed by Executive Management to reach those objectives.

2. External factors:

External factors include the following:

- Compliance with laws, legislations and instructions that protect the rights of shareholders and other related parties, such as depositors and other creditors of the Bank.
 - Availability of the appropriate control environment provided by the regulatory authorities.
 - Availability of capital market infrastructure that increases the ability of shareholders to hold the Bank's management accountable.
 - Adherence to accounting standards related to the accurate and timely presentation of financial statements, as well as setting the proper methodology of disclosure.
 - The presence of a third party monitoring the Bank's performance, such as the financial market, the Central Bank, international rating agencies, professional and commercial associations, and others.
 - The availability of an appropriate legal, legislative and supervisory environment that clarifies the rights of Bank's stakeholders.
- Corporate Governance requires the availability of both internal and external environments, bearing in mind that the presence of either one does not necessarily mean the presence of the other. In both cases, the following components are considered guidelines for achieving sound corporate governance:

• Fair Treatment:

Small shareholders and stakeholders are treated with equity and their interests are taken into account.

• Transparency:

The Bank discloses to stakeholders, the financial and organizational information and the remuneration of the Executive Management in a manner that enables shareholders and depositors to evaluate the bank's performance in accordance with the instructions of the Central Bank of Jordan issued under the Banking Law. The Bank also stays up to date with changes that occur in international financial reporting practices and the scope of transparency required by institutions. The Bank is committed to providing quality information about all its activities to the supervisory authorities, shareholders, depositors, other banks and the general public in general through various types of reports and communication tools.

• Accountability:

The Executive Management undertakes to respond to any inquiry made by the Board with regard to the implementation of plans and policies laid out by it, with a view to safeguarding the Bank's assets and the integrity of its financial position. The Board undertakes to show willingness to respond to any inquiries by the shareholders and other authorized parties.

• Responsibility:

The Bank's organizational structure, approved by the Board of Directors, defines channels of communication and limits of responsibilities. The structure of power approved by the Board of Directors also indicates and clarifies the limits of responsibility.

The Board of Directors supervises the Executive Management while the Executive Management is responsible for the Bank's day-to-day business. The Board is committed to set clear limits of responsibility and accountability and requiring all administrative levels in the Bank to adhere to them. The BoD will ensure that the organizational structure clearly reflects the lines of responsibility and authority, so as to include several levels of control. In addition, the Board shall ensure that the Senior Executive Management undertakes its responsibilities pertaining to the management of the Bank's day-to-day operations, contributes to implementing corporate governance and delegates authorities to personnel, creates an effective administrative environment promoting accountability, and performs tasks in various business areas and activities in line with the policies and procedures approved by the Board. The Board shall adopt appropriate regulatory guidelines that enable it to hold the Senior Executive Management accountable.

Fourth: The Importance of Corporate Governance for a Bank:

1. The Jordanian banking sector, which includes the Jordan Commercial Bank, is one of the most important components of the Jordanian economy, and this sector is universally subject to regulation and auditing. It uses the government's financial security networks; therefore, it is fundamental to have a robust corporate governance system at the Bank.
2. The most important source of funds entering the bank comes from the money of others, especially depositors. In light of the intensity of competition in the Jordanian capital market, the existence of sound corporate governance in the bank will maximize the bank's share in the market.
3. In order to maintain the integrity and strength of the Bank's financial position, the members of the Board of Directors play an effective and important role in the corporate governance of the bank through their supervisory role, as well as, providing a good risk management system that allows alignment between returns and risks within the limits permitted by the Bank's position and strategy and through compliance with laws and instructions at all administrative levels.
4. Corporate Governance enhances the bank's performance by providing a mechanism to link the interests of shareholders and other relevant bodies in the Bank.

Part II: Standards Pertaining to the Board of Directors**First: Board of Directors and Board Meeting Structure:**

- The number of members of the Board of Directors will not be less than (11) and not more than (13) members with practical and professional experience and specialized skills. It is not permissible for any of the members to be Executive Member, and there is no Executive Member (*) at the bank.
- The number of independent members is not less than four (4).
- Members are elected according to the cumulative vote by the General Assembly of the Bank through a secret ballot.
- The Jordan Commercial Bank shall ensure diversity in the expertise of the Board members, requiring them to be residing on a permanent basis in the Hashemite Kingdom of Jordan.
- The Board of Directors is responsible for creating committees that are in charge of following up and monitoring the workflow at the Bank as well as submitting subsequent reports. The Board determines the responsibilities, tasks and powers of these committees upon their formation and establishes a special charter for each committee.
- The positions of the Chairman of the Board and the General Manager (or CEO) are not combined. The Chairman of the Board or any of the Board members or major shareholders has no relationship with the General manager, up to the fourth degree. The General Manager (CEO) must assume the following duties:
 - o Developing the bank's strategic direction.
 - o Implementing the bank's strategies and policies.
 - o Implementing the decisions of the Board of Directors.
 - o Provide guidance to implement short- and long-term business plans.
 - o Communicating the vision, mission and strategy of the bank to the employees.
 - o Informing the Board of all important aspects of the bank's operations.
 - o Managing the day-to-day operations of the bank.
- The Board of Directors holds its meetings upon a written invitation from the Chairman, or Vice President in the event of his absence, or upon a written request submitted to the Chairman of the Board of Directors by at least a quarter of its members and in the presence of the absolute majority of its members. Board Members must allocate sufficient time to carry out their duties and their responsibilities, including prior preparation for Board Meetings of no less than six (6) meetings during the year. The Bank is obligated to hold a Board Meeting within a period that does not exceed two months.
- Should a Board Member not be able to attend a meeting in person, he/she may attend by videoconference or phone and vote on resolutions and sign the minutes of meetings after obtaining the Board's approval in this regard. The Secretariat shall inform the respective committee's rapporteurs to approve attendance by video or telephone, ensuring the adoption of the following procedures:
 - o Duly documenting the process and keeping the audio recording until the signatures are completed.
 - o That the number of members present in person should not be less than two-thirds of the committee members.
 - o That the member's personal attendance rate is not less than (50%) of the committee's meetings during the year
- The Chairman of the Board shall consult with the other members and the General Manager when preparing a specific agenda of topics to be presented to the Board. The agenda will be presented to the Board of Directors and sent with relevant documents to the members in advance prior to the meeting. The meetings of the Board of Directors and the committees emanating from it shall be recorded in official minutes that outline the actions taken and decisions made by the Board and respective Board Committees.

The minutes will be construed as legal evidence of the decisions made during the meetings by the Board of Directors and Committees to prevent the occurrence of any confusion. Accuracy is taken into account when writing these minutes, with precise recording of any votes that took place during the meetings and attaching any documents or referring to any documents that were referred to during the meetings and recording any reservations that were raised by any member. The Bank ensures to keep all these minutes appropriately. As for topics that are pertaining to Palestine, the Palestinian Monetary Authority must be provided with the results of the decisions of the minutes within one month from the date of the meeting.

Each Board Member selected serves 4 years in a term, with the option to renew (there is no maximum number of terms a member may serve), given that the re-appointment process is based on an assessment of the continuity of the board member's ability to perform the necessary tasks assigned and to maintain an adequate amount of objectivity in performing an assignment.

Second: Duties and Responsibilities of the Board of Directors:

In accordance with the Bank's statute, relevant laws and legislation, and the Central Bank's instructions, the Board of Directors must exercise its roles and responsibilities, which include the following:

1. The Board will define the strategic objectives of the Bank, direct the Executive Management to prepare a strategy to achieve these goals, and adopt policies, plans and procedures to oversee and monitor the performance of the Bank.
2. The Board will select the Executive Management team that is capable of managing the Bank's affairs efficiently and effectively.
3. The Board will supervise the higher Executive Management and follow up on its performance and ensure the safety of the Bank's financial conditions and its solvency. It shall adopt appropriate policies, plans and procedures to supervise and control the Bank's performance.
4. The Board will adopt a policy to monitor and review the performance of the Executive Management by setting key performance indicators (KPIs) to define, measure and monitor performance and progress towards achieving corporate goals.
5. The Board will ensure that the Bank's credit policy measures the quality of corporate governance for corporate customers, so that customer risks are evaluated for strengths and weaknesses based on their corporate governance practices. Identify credit terms and conditions and investment principles.
6. The Board will ensure that comprehensive policies, plans and work procedures are developed for all Bank activities and they meet the relevant laws and regulations. Ensure that they have been circulated to all administrative levels and are reviewed regularly. Moreover, it shall monitor policy implementation and verify the validity of adopted procedures in this regard.
7. The Board shall identify the corporate values of the Bank and draw clear lines of responsibility and accountability for all the Bank's activities. In addition, it shall promote a culture of high ethical standards, integrity and professional conduct for the Bank's executives, and adopt an organizational structure that outlines the hierarchical organization including Board committees and the Executive Management.
8. The Board shall ensure that no member of the Board or Executive Management or any of the Bank's employee obtains a personal gain at the expense of the Bank's best interests.
9. The Board shall verify, through the Board Audit Committee, the accuracy of the information provided to the regulatory authorities.
10. The Board shall assume responsibility for the integrity of all Bank operations, including its financial position, and for the fulfillment of the requirements of the Central Bank and other supervisory and regulatory bodies in relation to its business. It shall take care of the interests of stakeholders and ensure that the Bank is managed in accordance with its internal regulations and that the Bank's activities, including outsourced activities, are continuously monitored. Moreover, the Board shall ensure compliance with the legislative regulations issued by governmental and regulatory authorities and that all the Bank's personnel, at all administrative levels, comply with the same.
11. The Board shall approve the internal regulations and instructions of the Bank, and identify the authorities, duties and means of communication among all management levels, which guarantee administrative and financial control over the Bank's activities.
12. The Board shall approve and annually review the internal control systems of the Bank and ensure that the internal and external auditors review the structure of these systems at least once a year.
13. The Board shall ensure that a policy and code of ethics is available and is circulated among all Bank employees.
14. The Board shall ensure the independence of the external auditor at all times.
15. The Board shall specify and approve the roles and responsibilities of the Compliance Department.
16. The Board shall approve and oversee the implementation of a risk management strategy that articulates the acceptable risk appetite levels and ensures that the Bank is not exposed to high risks. It shall be familiar with the Bank's operational work environment and its associated risks, ensuring that there are risk management tools and infrastructure in place at the Bank to identify, measure, control and monitor all types of risks faced by the Bank.
17. The Board shall approve the Bank's Risk Appetite document.
18. The Board shall ensure that there are adequate and reliable management information systems (MIS) in place covering all the Bank's activities.
19. The Board shall develop CSR policy and programs at the Bank for the benefit of local community and environment, ensuring that the Bank adopts appropriate social responsibility initiatives in the areas of environment conservation, health and education. It shall also ensure that the Bank provides financing to SMEs at appropriate interest rates and maturity dates and in line with a clear approach safeguarding transparency and fairness.
20. The Board shall take adequate measures to ensure a clear separation of powers between influential shareholders and the Executive Management to strengthen good corporate governance while developing adequate mechanisms to limit any influences by shareholders, ensuring that they do not assume any position in the Senior Executive Management. In this regard, the Senior Executive Management shall derive its authority solely from the Board of Directors and shall operate within the framework of the delegation granted to it by the Board.
21. The Board shall determine the banking operations that require its approval. However, in doing so, it shall seek to limit the scope of such operations so as to maintain its supervisory role. The Board shall not grant executive powers, including the power to extend credit, to a single member of the Board, including the Chairman.
22. The Board shall specify the roles of its Secretary, which include the following:
 - o Attending all Board Meetings and recording all deliberations, suggestions, objections, reservations and voting on draft resolutions of the Board.
 - o Setting the dates of Board Meetings in coordination with the Chairman.

- o Ensuring that Board Members sign meeting minutes and resolutions.
 - o Following up on the implementation of Board resolutions and the discussion of topics postponed at previous meetings.
 - o Keeping records and documents of Board meetings.
 - o Taking the necessary measures to ensure that all resolutions to be issued by the Board are in line with the laws and regulations.
 - o Preparing for the General Assembly meetings and working in cooperation with Board Committees.
 - o Providing the Central Bank with a copy of the declaration of suitability signed by each Board Member.
23. Members of the Board and its committees shall communicate with the Executive Management and the Board's Secretary to facilitate the performance of the tasks assigned to them, including the outsourcing of certain tasks, as needed, at the expense of the Bank and in coordination with the Chairman. No Board member may influence the decisions of the Executive Management in any way except through deliberations that take place in the meetings of the Board or Board Committees.
 24. The Board shall approve and review, at least once a year, the succession plans of the Executive Management, which set out the necessary qualifications and requirements of these positions.
 25. The Board shall approve the organizational structure of the Bank, ensuring that it clearly reflects the lines of responsibility and authority, including at least the following supervisory levels:
 - o Board of Directors and Board Committees
 - o Executive Management Committees
 - o Separate departments for risk, compliance and audit that do not carry out day-to-day executive functions
 - o Units/employees not involved in the day-to-day operations of the Bank (such as credit review officers and the middle office)
 26. The Board shall ensure that the Senior Executive Management undertakes its responsibilities in relation to the management of the Bank's day-to-day operations and that it contributes to the application of corporate governance within the Bank. It shall also ensure that the Senior Executive Management delegates powers to employees, creates an effective management environment that promotes accountability, and performs tasks in the various areas and activities in a manner consistent with the policies and procedures approved by the Board. Moreover, the Board shall adopt suitable regulatory controls that enable it to call the Executive Management to account.
 27. The Board shall approve an internal audit charter, outlining the tasks, authorities and responsibilities of the Audit Department and circulate it within the Bank.
 28. The Board shall appoint, dismiss and accept the resignations of the General Manager, Audit Manager, Risk Management Manager and Compliance Manager upon obtaining a No Objection Certificate from the Central Bank regarding their resignation or termination of service. The Central Bank may summon any Bank executive to inquire about the reasons for resignation or termination of service, based on the recommendations of the competent regulatory committee for the aforementioned designations (e.g. the Audit Committee for the Audit Manager, the Risk Committee for the Risk Manager, and the Compliance Committee for the Compliance Manager).
 29. The Board shall approve the appointment of the Executive Management members, accept their resignations or terminate their service, as well as ensure that they possess the required expertise and skills and issue recommendations in this regard to the Nominations and Remuneration Committee.
 30. The Board shall also undertake the roles and responsibilities pertaining to the management of information and related technologies, as set forth in the attached IT Governance Manual.
 31. The Board shall ensure that the Compliance Department is independent and that it is always provided with an adequate number of trained staff.
 32. The Board shall approve a policy ensuring the Bank's compliance with all relevant legislation, revise said policy regularly and ensure the implementation thereof.
 33. The Board shall lay out the necessary procedures ensuring that all shareholders, including non-Jordanians, exercise their rights and that they are treated in a fair and equal manner without discrimination.
 34. The Board shall regulate the Bank's financial, accounting and administrative affairs in accordance with the relevant internal regulations.
 35. The Board shall appoint a liaison officer to follow up on the implementation of corporate governance with the Jordan Securities Commission.
 36. The Board shall approve the Bank's disclosure and transparency policy and follow up on the implementation thereof in accordance with the requirements of the regulatory authorities and applicable legislation.
 37. The Board shall approve the succession policy as well as the HR and training policies at the Bank.
 38. The Board shall establish a mechanism that allows shareholders who own at least 5% of the Bank's subscribed shares to add items to the agenda of the Bank's ordinary General Assembly meeting, prior to sending it, in its final form, to the shareholders. It shall provide the Jordan Securities Commission with this mechanism.
 39. The Board shall approve the risk management policy to handle the risks to which the Bank may be exposed.
 40. The Board shall approve the governance report and incorporate it into the Bank's annual report.
 41. The Board may solicit the assistance of an external advisor, at the Bank's expense, provided that the majority of Board Members agree to the same and that no conflict of interest may arise.
 42. The Board shall inform the Central Bank of any significant information that may adversely affect the suitability of members of the Senior Executive Management.
 43. Each Board Member shall, at minimum:
 - o Have knowledge of the legislation and principles pertaining to the banking activities and the Bank's operational environment and keep pace with all developments therein as well as external developments related to its business,

- including requirements for appointment in Senior Executive Management positions.
- o Attend Board meetings and Board Committee meetings as required, as well as the General Assembly meetings.
- o Not disclose the Bank's confidential information or use such information for their own benefit or for the benefit of others.
- o Put the Bank's interest first in all dealings with any other company in which they have a personal interest; avoid exploiting the Bank's commercial business opportunities for their own benefit; avoid conflict of interest and disclose to the Board, in detail, any potential conflict of interest that may arise; and not attend, or participate in the decisions made at, a meeting discussing subjects that may involve a suspected conflict of interest. Such disclosure shall be recorded in the minutes of the Board meeting; and
- o Devote sufficient time to perform their duties as a Board member.

Third: Role of the Chairman of the Board

The Chairman of the Board shall undertake the following responsibilities, as a minimum requirement:

1. Build a constructive relationship between the Board and the Executive Management.
2. During Board Meetings, create a culture that fosters constructive criticism, open discussions and voting on issues where there is a difference of views among members.
3. Ensure that Board Members and shareholders receive sufficient information in a timely manner.
4. Ensure that the Bank upholds high corporate governance standards.
5. Make sure that all Board Members receive and sign minutes of previous meetings as well as receive detailed meeting agendas and any additional information about the topics that will be discussed during the Board meetings prior to the meeting through the Board's secretary.
6. Ensure that there is a charter that describes and organizes the work of the Board.
7. Discuss key strategic issues in detail during Board meetings.
8. Ensure that each Board member is provided, upon election, with the relevant banking laws, the Central Bank instructions related to the Board's functions, and the corporate governance instructions for banks in addition to a booklet describing the rights, responsibilities and duties of Board members as well as the tasks and duties of the Board's Secretary.
9. Ensure that each Board member is provided with sufficient information about the Bank's business upon appointment or at request.
10. With the assistance of the Bank's Legal Counsel, inform new Board Members of the duties and responsibilities of the Board, particularly the legal and regulatory requirements to clarify the tasks, authorities and other matters relating to the Board membership. These include the membership term, meeting schedules, responsibilities of the Board Committees, remuneration, and the possibility of obtaining independent and specialized technical advice when necessary.
11. Ensure that the Central Bank is informed of any significant information that may adversely affect the suitability of Board Members.
12. Make sure that Board Members receive ongoing training and development, and that new Board Members are provided with an Orientation Program that takes into account their banking knowledge. Enroll them in training sessions on the principles and applications of corporate governance; furnish them with the Bank's organizational structure, corporate governance policy, code of conduct, corporate objectives, the Bank's strategic plan and approved policies, including the Board Member suitability policy, as well as the Bank's financial status, risk structure, risk management framework, and the charters of Board committees.

Fourth: Shareholders and Their Role in Corporate Governance

Legal sovereignty and supreme authority are vested in the shareholders who convene through the General Assembly to review and deliberate on the Bank's matters. It should be noted that the interest of shareholders is not limited to just monitoring the prices of shares and receiving dividends, but it goes beyond that to monitoring the Bank's performance through financial statements and continuously communicate with the Bank's Management to stay abreast of the latest developments. Shareholders also attend General Assembly meetings, participate in voting on decisions, and discuss all aspects of the Bank's business and outcomes with Board members. Moreover, shareholders play a key supervisory role in monitoring the performance of Board Members and in obtaining the information that enables them to exercise their rights to the fullest.

Fifth: Stakeholder Rights

- The Board shall develop a specific mechanism to guarantee communication with stakeholders by disclosing and providing relevant information to stakeholders about the Bank's activities through:
 1. General Assembly meetings
 2. Annual Report
 3. Quarterly reports containing financial information in addition to the Board's report on the Bank's stock trading and financial position during the year
 4. The Bank's website
 5. Shareholder Relations Division
- The Bank shall ensure that a part of the Bank's website is designated to clarify shareholders' rights and encourage shareholders to attend and vote at the General Assembly meetings. Also, information on General Assembly meetings, including the full text of the invitation and meeting minutes shall be published on the website in a manner that does not conflict with the law or regulations of banking confidentiality.

Part III: Suitability, Qualifications and Evaluation of Board Members

First: Suitability

The Board and Nominations and Remuneration Committee shall be responsible for ensuring that the Board Members and Senior Executive Management exhibit the highest level of credibility, integrity, competence and expertise and that they can devote sufficient time and commitment to serving the Bank effectively in line with the Jordan Commercial Bank's Suitability Policy.

The Senior Executive Management includes the Bank's General Manager, Regional Manager, Deputy General Manager, Deputy Regional Manager, Assistant General Managers, Assistant Regional Managers, Chief Financial Officer/Finance Manager, Operations Manager, Risk Manager, Internal Audit Manager, Treasury Manager and Compliance Manager. It also includes any Bank employee possessing an executive authority corresponding to the authorities of any of the aforementioned persons and directly reporting to the General Manager. A No Objection Certificate shall be obtained from the Central Bank before appointing any member in the Senior Executive Management. The members of Senior Executive Management are designated in the relevant suitability policy.

Second: Qualifications of Board Members

The Chairman and every member of the Board must meet certain requirements in terms of professional experience, personal traits and solvency as well as have the following expertise, qualifications and competencies:

A. Experience and Qualifications:

- Independent judgment and ability to participate in taking sound decisions.
- Knowledge of financial statements and acceptable understanding of financial percentages used in measuring performance.
- Reasonable expertise or skills in the areas of accounting, finance, banking or any other banking expertise.
- Commitment to learning the Bank's operations, fulfilling contribution requirements and dedicating sufficient time and effort to serving the Bank.
- Readiness to resign from the Board of Directors in case of any change in professional responsibilities.
- Understanding and knowledge of the best international practices in the area of management and their applications to the rapidly evolving business environments.
- Short- and long-term crisis management abilities.
- Knowledge of global markets.
- Leadership skill capable of delegating authorities and motivating employees.
- Ability to provide strategic direction and demonstrate clear futuristic vision.

B. Board Membership Requirements

The Chairman and every member of the Board must meet the following requirements:

- Is not less than 25 years of age.
- Is not a Board Member, General Manager, Regional Manager or employee of another bank inside Jordan unless it is a subsidiary of the Bank.
- Is not a lawyer, legal counsel or auditor of the Bank.
- Has a minimum of a University Degree in Economics, Finance, Accounting, Business Administration or other relevant fields. The Nominations and Remuneration Committee may consider adding other specializations if combined with relevant banking experience.
- Is not an employee of the government or any public institution unless he/she is a representative of the institution.
- Is not a Board Member of more than five public shareholding companies in Jordan in his/her personal capacity in some and as a representative of a legal person in others; and is not a member or representing a member in the board of another similar or competitive company.
- Has at least five years of experience in banking, finance or similar fields.

C. Diligence and Loyalty

Members of the Bank's Board of Directors shall undertake their responsibilities in a diligent and loyal manner, as follows:

1. Honesty

The Board member's relationship with the Bank shall be one based on honesty, whereby that member, like any other Bank employee, shall communicate any relevant information prior to conducting any deal or commercial transaction with the Bank.

2. Loyalty

In the case of a conflict of interest between a Board Member dealing with the Bank and the Bank itself, the Board Member shall be required to fulfill the same requirements that he/she would have been required to fulfill if he/she had no relationship with the Bank. To that end, the Board Member shall undertake his/her role honestly, be mindful of the Bank's interests, avoid conflict of interest, and refrain from abusing his/her position or using any information accessible to him/her as a Board member for personal gain. The Board member shall advise the Board of any potential conflict of interest and refrain from voting on any resolutions related to this subject.

3. Diligence

Board members shall perform all the duties stipulated in the applicable laws and regulations and seek to obtain all necessary information to ensure that all decisions taken are in the interest of the Bank.

To fulfill the desired level of diligence, Board members must be knowledgeable of and familiar with the Bank's activities as well as the markets and sectors it serves. They shall attend Board meetings and properly prepare for them beforehand, especially in relation to the decisions to be taken, as well as honestly undertake assigned duties. Moreover, they shall look for any warning indicators, follow up on important matters with the Bank's Management, obtain objective advice when necessary, and comply with the provisions of various laws pertaining to the Bank.

D. Independence:

1. The Board must exercise effective leadership that is independent of the Bank's Management, as there are no executive members within the board. The number of independent Board Members shall not be less than four (4). The most significant relationships that may affect a member's independence in the Bank is the existence of conflict between memberships in different boards of directors, an advisory relationship with entities related to the Bank, a direct or indirect business relationship between the member and the Bank, or the forging of any new relationship with the Bank that has been created and developed as a result of that person's membership on the Board.
2. To guarantee a Board Member's independence, he/she shall regularly disclose in writing any personal interest that may exist in any transaction or contract with the Bank for himself/herself, his/her spouse or relative up to the third degree if any of the aforementioned persons has an influential stake in a company to which such transaction or contract is related. No Board Member may participate in any meeting where said transaction or contract is discussed. The impact of other activities on that person's independence as a member of the Bank's Board shall be assessed.

An independent member is defined as a Board Member who is not subject to any influences compromising his/her ability to take objective decisions in favor of the Bank, and who fulfills the following requirements:

1. The Board Member has not been an executive Board member in the past three years preceding his/her election.
2. The Board Member has not been an employee of the Bank or any subsidiary in the past three years preceding his/her election.
3. The Board Member is not related, up to the second degree, to any other Board Member or a member of the board of directors of any subsidiary of the Bank, or to any major shareholder of the Bank.
4. The Board Member is not related, up to the second degree, to any member of the Bank's Executive Management or the executive management of any of its subsidiaries.
5. The Board Member is not and has not been a partner, employee or relative of the Bank's external auditor for the past three years preceding his/her election as a Board member, and is not related, up to the first degree, to the Bank's audit partner.
6. The Board Member is not a major shareholder, or a representative or an affiliate of a major shareholder of the Bank, or his involvement with an allied contribution constitutes the amount of contribution of a major shareholder and is not a major shareholder in the Bank's group of owners.
7. The Board Member has not occupied the position of Board Member of the Bank or any of its subsidiaries or the position of Management Board Member therein for more than eight consecutive years.
8. The Board Member, or any company in which he/she is a Board Member, owner or major shareholder, has not been granted a credit by the Bank exceeding 5% of the Bank's subscribed capital nor has been a guarantor of a credit exceeding the same threshold.
9. The Board Member, or any of his/her relatives, must not have a direct or indirect interest in the contracts, projects and engagements made with the Bank, or any sister or affiliate company thereof, and whose value equals or exceeds JD 50,000 (fifty thousand Jordanian Dinars).
10. The Board Member must not own 5% or more of the Bank's subscribed shares, or of any sister or affiliate company thereof.
11. The Board Member must not be a relative of any of the Bank's shareholders who own 5% or more of the Bank's subscribed shares.
12. The Board Member possesses extensive experience and qualifications in finance or banking.

E. Knowledge

Board Members shall be knowledgeable of banking operations, risks to which the Bank may be exposed, and financial statements reflecting the Bank's financial position. In addition, they shall be familiar with the laws, legislation and instructions with which the Bank must comply, stay abreast of new developments in the financial services sector, attend Board Meetings and Board Committee Meetings, and review the reports and recommendations presented by the Bank's Executive Management, internal auditor, external auditor and regulatory authorities.

F. Code of Business Conduct:

The Board has approved and issued a Code of Business Conduct, which the Executive Management circulates at all administrative levels and ensures that the Bank's personnel adhere to the contents thereof. This includes, for example but not limited to, a ban on the use of inside information by executive officers for personal gains; rules and procedures regulating transactions with relevant related parties; and situations that may give rise to a conflict of interest.

Third: Evaluation of Executive Officers' Performance:

1. The Board has devised a system to evaluate its performance and the performance of its members. This system includes the following:
 - Setting specific objectives and defining the role of the Board in achieving these objectives in a measurable way.
 - Setting KPIs that may be derived from strategic plans and objectives and using them to measure the performance of the Board.
 - Ensuring regular communication between the Board and shareholders.
 - Holding regular meetings between the Board and the Senior Executive Management.
 - Reviewing the role of a Board Member in Board meetings and comparing his/her performance to other members. Feedback shall be obtained from the concerned Board Member to improve the evaluation process.
2. The Board shall approve a system for measuring the performance of the Bank's Executive Management. This system shall include the following:
 - Giving appropriate weighted measures of performance in abiding by the risk management framework and implementation of internal controls and regulatory requirements.
 - Ensuring that total income or profit should not be the only basis for measuring the performance of executive officers; rather, other elements must be taken into account, such as the risks associated with the main operations, customer satisfaction, and others where applicable.
 - Avoiding exploiting influence and conflict of interest.

Fourth: Remuneration and Compensation for Board Members

The Bank's regulations shall determine the way by which Board Members are remunerated. Such remuneration and compensation shall be in the form of meeting attendance allowance, transportation allowance, in-kind benefits, and specific percentage of profits, and as set forth in the Board Member Suitability Policy approved by the Bank.

Part IV: Control Systems**First: Selection of Management Members and Their Oversight Role:****1. Selection of Management**

The Board of Directors shall approve the appointment of a General Manager for the Bank or any of the members of the Bank's Senior Executive Management, provided that the following requirements are fulfilled (bearing in mind that the Central Bank shall be entitled to object to such appointment):

- Must be of good conduct and reputation.
- Must not be a member of the board of directors of any other bank unless it is a subsidiary of the Bank.
- Must be fully dedicated to managing the Bank's activities.
- Must exhibit the banking expertise and competency required to carry out the Bank's activities.
- Has a minimum of a University Degree in Economics, Finance, Accounting, Business Administration or relevant fields.
- Has at least five years of experience in banking or similar fields. The General Manager and Regional Manager must possess at least 10 years of banking experience.

Other requirements stipulated in the Executive Management Suitability Policy shall be observed.

2. Management's Oversight Role

The Bank's Executive Management, through different departments and divisions of the Bank, shall furnish the Board of Directors with periodical reports, information and data, as needed, to ensure that the Board performs its oversight role on the Bank's operations and evaluates current and potential risks so as to manage them in an efficient and effective manner.

3. External Communications

The Board shall provide related parties with accurate and timely information to enable them to monitor the Board and Executive Management and hold them accountable for the way of managing the Bank's assets. This shall be done through the reports requested by the Central Bank and the periodic financial reports issued to shareholders and through the disclosure of the following in accordance with the applicable Disclosure Policy:

1. Names of the members of the Board of Directors and Executive Management
2. Organizational Structure and Corporate Governance Manual
3. Incentives and remuneration of members of the Board and Executive Management
4. Nature and size of operations with affiliate companies and related entities
5. Key risks facing the Bank and its Risk Management Policy

4. Planning

The Board of Directors is assigned important duties, particularly the mapping of the Bank's general strategies and approval of work policies. This is done through participation in and approval of long-term strategic plans, annual work plan, and estimated budgets. Accordingly, the Board shall undertake the following:

- Provide a planning mechanism and appropriate work plans and ensure that these are properly implemented and monitor their outcomes.

- Measure the achievement of the Bank's goals and objectives by developing its systems.
- Identify the Bank's strengths, weaknesses and opportunities as well as the threats facing it.
- Ensure the availability of a competent management team.
- Verify the Management's compliance with capital adequacy ratios, liquidity ratios and availability of sources of funds, including capital, in a manner that ensures the achievement of the Bank's planned goals and objectives.

5. Policies

Since the Board of Directors is the primary body responsible for managing the risks to which the Bank may be exposed, the Bank maintains the policies mentioned below, which cover all the Bank's activities. The Executive Management ensures that these policies are in place, reviews them periodically and works on issuing unavailable policies:

- a) Credit Policy
- b) Investment Policy
- c) Fund Sources Management/Asset and Liabilities Management Policy
- d) Code of Business Conduct adopted by the Jordan Commercial Bank
- e) Personnel Affairs Policy
- f) Other policies:
 - Risk Management Policy
 - Compliance Control Policy
 - Anti-Money Laundering and Terrorism Financing Policy
 - Policy on Compliance with the requirements of the Foreign Account Tax Compliance Act (FATCA)
 - Policy on Fair and Transparent Dealing with Customers
 - And other approved policies.

Second: Internal Control Systems

The Board shall monitor the work of Senior Executive Management with the aim of verifying the effectiveness and efficiency of operations, credibility of financial reports and compliance with applicable laws, legislation and instructions.

The Senior Management shall implement the following fundamental principles of internal control systems:

- Providing a regulatory environment reflected by the existence of an organizational structure that clearly outlines communication and responsibility channels.
- Establishing an independent department for risk management, supported by a risk management policy for identifying and assessing the risks to which the Bank may be exposed and determining the economic capital required to address such risks.
- Providing controls and a mechanism for the separation of responsibilities, including the separation of the responsibilities of «risk-takers» and «risk controllers».
- Observing the principle of dual control when developing regulatory controls.
- Setting work procedures allowing decision makers to have timely access to information so as to expedite activation of the contingency plan, where necessary.
- Revisiting the internal control system approved by the Board of Directors periodically by both the internal auditor and external auditor to assess its efficiency and ensure that it is in accord with applicable laws, regulations and directives.
- Observing the independence of Risks, Internal Audit and Compliance departments and divisions.
- Providing financial and accounting systems that can demonstrate the actual financial position of the Bank and provide the information necessary for sound decision-making in a manner enabling the preparation of periodic and annual financial statements and in accord with International Financial Reporting Standards (IFRS).
- Ensuring the efficiency and integrity in relation to the IT management by devising effective internal controls.
- Providing the necessary security, safety and protection requirements for the Bank.

The following are the key themes of administrative control:

1. Internal Audit

Internal audit is an important source of information and assists the Bank's Management in identifying and efficiently managing risks.

A. The Audit Department undertakes, at minimum, the following responsibilities:

- Verifying the availability of, and compliance with, adequate internal control systems at the level of the Bank and its subsidiaries.
- Verifying compliance with the Bank's internal policies, international standards and relevant legislation.
- Auditing financial and administrative matters to ensure accurate, reliable and timely financial and administrative information.
- Reviewing compliance with the Corporate Governance Manual.
- Reviewing the soundness and comprehensiveness of the stress testing scenarios in line with the methodologies adopted by the Board.
- Verifying the accuracy of the procedures adopted for the internal capital adequacy assessment process (ICAAP).

B. The Board shall ensure and promote the independence of internal auditors and that internal auditors are well-positioned in the Bank's organizational structure and that they are qualified to carry out their tasks. The Board shall also ensure that internal auditors have the right to access all records and information and contact any employee of the Bank in order to properly carry out their tasks and prepare their reports without external interference.

C. The Board shall take the necessary measures to enhance the effectiveness of the internal audit by recognizing the importance of the audit process and following up on the correction of audit notes.

- D. The Internal Audit Department shall be subject to direct supervision by the Audit Committee where:
- It shall report directly to the Board's Audit Committee, which shall be responsible for assessing its performance.
 - The internal auditor and Audit Committee shall review the reports prepared by the external auditor and the Central Bank and follow up on the measures taken in relation thereto.
 - Both the internal auditor and external auditor shall cooperate and deliberate to enhance the efficiency of internal controls.
- E. The Bank shall not assign any executive tasks or responsibilities to internal auditing personnel.
- F. Internal audit duties are risk-focused duties.
- G. It shall be responsible for reviewing the Bank's financial reporting, ensuring that significant financial, administrative and operating information is accurate, reliable and timely.
- H. It shall ensure the commitment to the implementation of all the Bank's internal policies, directives and procedures issued by the regulatory authorities, as well as the relevant international standards, procedures and laws.

2. External Audit

- The General Assembly shall elect an external auditor that is licensed to perform external audits in accordance with approved international audit standards, professional standards and principles, and applicable legislation.
- The external auditor shall furnish the Internal Audit Committee with a copy of its report and shall meet with said Committee at least once a year, without the presence of the Executive Management.
- The external auditor shall attend the Bank's General Assembly meetings.
- The external auditor shall audit the Bank's accounts as per international standards and recognized professional rules, and examine the Bank's administrative, financial, and internal control systems to ensure efficiency of the same as well as the credibility and fairness of financial statements issued by the Bank's accounting and information systems. The external auditor shall also report any breaches of the law or any financial or administrative matters that may negatively impact the Bank's position to the competent authorities.
- The Bank shall regularly rotate the external auditor amongst audit firms and their subsidiaries, affiliates or associate firms every seven years, at most, as of the date of election by the (Head Office, Jordan). The seven-year period shall start on the date of implementation (as of 2010). In the first year after rotation, the successor auditor shall work jointly with the predecessor auditor. The predecessor auditor may not be re-elected before the lapse of two years from the date of his/her last election not including the joint audit assignment. A five-year period shall be considered for the Regional Office of Palestine.
- The Audit Committee shall verify the independence of the external auditor on an annual basis.
- The Board shall take appropriate measures to address weaknesses in the internal control systems and any other issues reported by the external auditor.
- The external auditor shall provide the Central Bank with an annual report for the internal and external audits that includes the Executive Management response and informs the board's recommendations regarding it, during the first quarter of each year.
- The Board shall recommend to the General Assembly an external auditor (to be assigned with auditing the activities of Palestine branches) for approval, after obtaining the consent of the Palestine Monetary Authority.
- Upon the appointment of the external auditor, the Bank shall make sure that it is not a founder, shareholder, member of the Board of Directors, or a partner of, or an employee working for, any Board member.
- Upon the appointment of the external auditor, the Bank shall make sure that the former is registered with the Jordan Securities Commission.
- The Bank shall ensure that the external auditor does not conduct any additional tasks for the Bank, such as the provision of administrative and technical advice, except after obtaining the approval of the Board based on the recommendation of the Bank's Audit Committee.
- Upon the appointment of the external auditor, the Bank shall make sure that the former acts independently as per international audit standards.
- The Bank shall ensure that the assigned auditor performs its duties in an impartial manner without any intervention by the Board or the Senior Executive Management.
- The Bank shall not appoint any employee of the external auditor's firm at the Bank's Senior Executive Management, until after one year at least has elapsed from the date of ceasing to conduct any audit works for the Bank.
- The external auditor shall perform the tasks assigned in an independent and impartial manner.
- The external auditor shall monitor the Bank's business activities.
- The external auditor shall examine the Bank's administrative and financial systems as well as internal control systems, expressing an opinion on their efficiency and verifying that they are suitable for safeguarding the Bank's funds and ensure seamless operations.
- The external auditor shall verify the Bank's ownership of assets and the legality of the Bank's obligations.
- The external auditor shall attend the Bank's General Assembly meetings.
- The external auditor shall respond to shareholders' questions and queries in respect of financial statements and final accounts during the General Assembly meetings.
- The external auditor shall express an opinion regarding the fairness of the Bank's financial statements and request amendment should their fairness be compromised.
- The external auditor shall report any breaches of the applicable legislation or any financial or administrative matters that may negatively impact the Bank's position to the competent authorities.

3. Risk Management

The Risk Management Department shall undertake the following roles and responsibilities:

1. It shall submit its reports to the Risk and Compliance Committee, and a copy thereof to the General Manager. As for daily operations, the Department shall report directly to the General Manager.
2. It shall review and analyze all types of risks that the Bank may face including credit, market, liquidity and operational risks.
3. It shall develop measurement and control methodologies for each type of risks.
4. It shall set the Risk Appetite in coordination with the Bank's relevant entities as approved by the Board, submit reports and document exceptions to such Risk Appetite to the Board, and follow up on the rectification of negative deviations.
5. It shall provide the Board and Senior Executive Management with information about risk measurement and the Bank's risk profile and follow up on the correction of deviations.
6. It shall provide the necessary information on the Bank's risks for use in the Bank's disclosures and publications.
7. The Department shall monitor the compliance by various Executive Departments with the approved levels of Risk Appetite.
8. The Board shall ensure that excesses over acceptable Risk Appetite levels are addressed, including, for example, questioning the Senior Executive Management about such excesses.
9. The Risk Management Department shall conduct periodic stress tests to gauge the Bank's ability to absorb shocks and deal with high risks. The Board shall have a fundamental role in approving the assumptions and scenarios used, discussing the stress tests' results and approving the measures to be taken based on these results through the Risk and Compliance Committee.
10. The Bank shall adopt a methodology for internal assessment of capital adequacy. The said methodology shall be comprehensive, efficient and able to identify all risks that the Bank may face. It shall take into consideration the Bank's strategic plan and capital plan. The Board shall revise the methodology regularly and ensure that it is duly implemented and that the Bank has adequate capital to face any risks.
11. Before approving any expansion of the Bank's activities, the Board shall consider the risks resulting from such expansion as well as the competencies and qualifications of Risk Management Department's employees.
12. The Board shall ensure the independence of the Risk Management Department by having it report to the Risk Management Committee and that it is granted the necessary powers to access information from the various departments at the Bank and cooperate with other committees to perform its tasks.
13. The Department shall review the risk management framework before being approved by the Board.
14. The Department shall implement the risk management strategy and develop policies and work procedures to manage all types of risks.
15. The Department shall verify the compatibility of the risk measurement mechanisms with the management information systems used.
16. Recommendations are presented to the Risk Management Committee on risk exposures and any exceptions to the risk management policy.
17. The Risk Management Department shall be directly responsible for ensuring the «prudent management of IT risks» and the «risk management» processes.
18. Some of the executive management committees, such as credit committees, asset and liability management, and investment committees, may provide support and assistance (within its powers) to The Risk Department to carry out its tasks in accordance to the powers of those committees.

4. Compliance

The Compliance and AML Department has been established at the Bank. It reports directly to the Board and Board Committees and maintains direct contact with the General Manager. The department has been provided with trained personnel. It shall devise an effective methodology to ensure the Bank's compliance with all applicable laws and regulations and any relevant instructions and manuals, as well as the tasks, authorities and responsibilities of the Compliance Department. The said methodology shall be circulated within the Bank to all personnel and the Bank shall undertake the following:

- Approve the Anti-Money Laundering and Terrorism Financing Policy, in accordance with the governing laws and legislation, in addition to any other policies issued by the Compliance Department concerning internal control and governance of relevant decisions.
- The Compliance Department shall report to the Board through the Committees and send a copy of its reports to the General Manager.

Part V: Board Committees

First: Corporate Governance Committee

The Committee is comprised of three members, two of whom are independent, with one being Committee Chairman. The Committee shall include the Chairman of the Board of Directors. It shall convene regularly provided that it shall hold no less than two meetings per year, with the meeting minutes duly recorded. Duties of the Committee can be summarized as follows:

1. Ensuring the implementation of the Corporate Governance Manual.
2. Reviewing and updating the Corporate Governance Manual whenever required.
3. Inviting any person in the Bank, at all administrative levels, to seek their opinion or ask them about any matter.
4. Submitting a report to the Bank's Board of Directors at least once a year, including its opinion regarding the extent of compliance with the provisions of the Corporate Governance Manual.
5. Compiling the corporate governance report and submitting the same to the Board of Directors.
6. Examining the observations put forth by the Jordan Securities Commission with regard to the implementation of governance principles and following up on the actions taken.

Second: Audit Committee

The majority of Audit Committee members shall be independent members of the Board, including the Committee Chairman who shall not be the Chairman of the Board or the Chairman of any other Board Committee. The Committee shall be re-formed to include four members, of whom three shall be independent, possessing practical and professional expertise, qualifications, adequate knowledge and understanding of the international accounting standards and principles required, as well as financial and other competencies relevant to the Bank's business. Members shall also be fully knowledgeable of the instructions of the Central Bank and the regulatory authorities. The Committee shall continue to perform its duties throughout the tenure of the Board of Directors. The Bank shall ensure that no activities of any other committee are combined with those of the Audit Committee. The Bank's Audit Committee shall assume the following duties and authorities:

- The Committee shall recommend the nomination of auditors for appointment or termination of their service and verify that they meet the requirements set forth in the instructions of the Securities Commission.
- The Committee shall review the fees of auditors and recommend the fair value of the same in light of the required audit scope.
- The Committee shall recommend the appointment or termination of senior officers of the Internal Audit Department. It shall, in general, evaluate internal and external audits; review the scope, outcomes and adequacy of accounting matters impacting the Bank's financial statements; review and develop internal control systems; and provide the necessary support to the main internal audit staff to establish their independence and pay due attention to their employment conditions.
- The Committee shall approve the annual internal audit plan of the Bank after consulting with auditors on the nature and scope of audit required, so as to ensure necessary coordination between the work of internal audit and that of the external auditor for a wider audit coverage of the Bank's activities, departments and branches with minimal duplication.
- The Committee's approval shall be required in respect of any deviation from the annual internal audit plan or any amendment or postponement.
- The Committee shall examine and follow up on the reports of the Internal Audit Department, the Bank's auditors and the Central Bank's inspectors, and other audit reports to which the Bank is subject from time to time. It shall also study the outcomes, notes and recommendations of the same and review the Management's response to each report and taking the necessary actions.
- The Committee has the authority to obtain any information from the Executive Management and is entitled to invite any employee to attend any of its meetings in accordance with the provisions of the Committee's Charter.
- The Committee shall review and monitor the procedures enabling any employee to confidentially report any error in the financial reports or any other matters. It shall also ensure that there are arrangements for independent investigation in place and follow up on the results of such investigation and objectively handle the same.
- The Committee shall follow up on the implementation of any important audit notes, whatever their source, in an efficient and prompt manner, ensuring that appropriate corrective measures are taken without delay.
- The Committee shall examine auditors' notes on internal control systems and others and review the Bank's responses to the same. This includes reviewing the correspondence exchanged between the Bank and auditors to assess the contents thereof and make relevant notes and recommendations.
- The Committee shall review the Bank's interim and annual financial statements before presenting the same to the Board of Directors, giving special care to any differences that may arise between the Management and auditors during the preparation of financial statements or their results. It shall also ensure the implementation of the Central Bank's instructions on the adequacy of bad debt reserves and security portfolio provisions and express an opinion on the Bank's non-performing debts or those proposed to be considered bad debts.
- The Committee shall review any material amendments or other important issues relating to auditing processes or accounting principles applied by the Bank when preparing the annual financial statements. It shall also make sure that said financial statements conform to the instructions of the Central Bank and the Securities Commission, and other legal requirements and applicable accounting standards.
- The Committee shall consult with auditors, where necessary, on the suitability and accuracy of the Bank's internal

- control systems, and the extent of complying therewith, especially the adequacy of such systems for disclosing the Bank's annual financial statements in a correct and honest manner that is in line with applicable accounting rules.
- The Committee shall regularly meet with the internal and external auditors and the Compliance and AML Manager, at least once per year without the attendance of any member of the Senior Executive Management.
- The Committee shall ensure full compliance with the laws, regulations and instructions governing the Bank's business.
- The Committee shall express an opinion on other matters presented thereto by the Board of Directors from time to time.
- The Committee shall receive detailed quarterly statements of defaulted debts of various classifications, as approved in the Credit Facilities Regulation. Such statements shall include the debts to be rescheduled or settled.
- The Committee shall receive detailed quarterly statements on in-kind and cash collections of defaulted debts and their impact on the profit and loss account.
- The Committee Chairman shall attend the annual meeting of the Bank's General Assembly.
- The Committee shall ensure the availability of adequate resources, including a sufficient number of trained and qualified employees, to carry out internal audit tasks.
- The Audit Committee shall ensure the rotation of the audit of the Bank's various activities among internal audit employees every three years at most.
- The Committee shall make sure that no executive tasks are assigned to internal auditing personnel.
- The Committee shall ensure that all of the Bank's activities, including outsourced activities, are audited.
- The Board shall approve an internal audit charter, outlining the tasks, authorities and responsibilities of the Audit Department and circulate it within the Bank.
- The Audit Committee shall evaluate the performance of the Internal Audit Department's employees and determine their remuneration.
- The Audit Committee shall verify the independence of the external auditor on an annual basis.
- The Committee shall review the external auditor's report and make sure that it covers all the Bank's activities. It shall also review the Central Bank's reports and follow up on the actions taken.
- The Committee shall detail the roles and responsibilities in relation to the management of information and related technologies, as set forth in the attached IT Governance Manual.
- The Committee shall work under the supervision of the Board and shall submit its reports and recommendations on the results of its operations to the Board.
- The Committee shall examine all works carried out by the external auditor, including notes, suggestions and reservations, follow up on the Bank Management's response to the same and submit recommendations in this regard to the Board.
- The Committee shall review the Bank's correspondence with the external auditor, assess the contents and make notes and recommendations on them to the Board.
- The Committee shall review the external auditor's assessment of the internal audit and control procedures.
- The Committee shall review the internal audit and control reports, especially those pertaining to any violations revealed by the internal auditor.
- The Committee shall present recommendations to the Board regarding any matters related to internal audit and control procedures and the internal auditor's work.
- The Committee shall ensure that no conflict of interest may arise as a result of the Bank's execution of deals, contracts or projects with related parties.
- The Committee shall review the dealings of related parties with the Bank and present recommendations to the Board prior to concluding the same.
- The Audit Committee shall convene at the invitation of its Chairman, provided that the meetings held shall not be less than four (4) meetings per year, or whenever necessary, or based on a decision by the Bank's Board, or upon the request of two other members. The meeting of the Committee shall be deemed legally valid if attended by at least two (2) members. The meeting minutes shall be duly recorded, and recommendations shall be made by majority vote.
- The Internal Audit Manager/Auditor-General at the Bank shall be invited to attend the Committee's meetings. The Committee may invite any person to express an opinion regarding any given matter.

Third: Nominations and Remuneration Committee

The Nominations and Remuneration Committee is comprised of a minimum of three (3) members, the majority of whom are independent including the Committee Chairman. It shall convene regularly provided that it shall hold no less than two (2) meetings per year, or whenever necessary, with the meeting minutes duly recorded. The Committee shall assume the following duties and authorities:

1. The Committee shall identify individuals who are qualified to become Board members, taking into consideration candidates' competences and qualifications, and in the case of re-election their effective performance and attendance of Board meetings.
2. The Committee shall work on a clear methodology to ensure that all Board members devote sufficient time to carrying out their Board duties, including, for example, the members' affiliation with other boards of directors, committees, forums, etc.
3. The Committee shall identify the strengths and weaknesses of the Board of Directors and propose the necessary steps to address them in alignment with the Bank's interests. To achieve that, it shall adopt specific, approved and objective criteria for evaluating the Board's performance, including comparisons to other banks and similar financial institutions. The Committee shall also adopt standards to ensure the integrity and correctness of the Bank's financial statements and determine the degree of adherence to regulatory requirements.
4. The Committee shall ensure that Board Members attend workshops or seminars on banking-related topics, particularly

risk management, corporate governance and the latest banking developments.

5. The Committee shall provide Board members with important background information and briefs on the Bank at their request and ensure they are always updated on the latest banking developments.
6. The Committee shall ensure that there is a succession plan in place for the Senior Executive Management.
7. The Committee shall annually review the required skills for Board membership and prepare a description of the required competencies, including the time that must be devoted by the member for Board duties.
8. The Committee shall annually verify the independence of independent Board members and that there is no conflict of interest in case the member serves on the board of directors of another company.
9. The Committee shall ensure that there are clear policies in place for Remunerating Board Members and Senior Executives and use performance-related criteria to determine said remuneration. It shall also verify that salaries are sufficient for attracting and retaining qualified talents at the Bank. The policy shall aim to observe the following:
 - The policy should be structured to recruit and retain qualified and experienced executives and to motivate them and promote their performance. It may not be used in a way that affects the Bank's financial position and reputation.
 - The policy shall take into consideration the risks, liquidity and profits and their timing, and reflect the goals, values and strategy of the Bank.
 - Remunerations shall not be based on the performance of the current year only but shall also take into consideration the medium- and long-term performance (three to five years).
 - The policy shall define the form of remunerations, such as fees, salaries, allowances, bonuses, share options or any other form of benefits.
 - It shall offer the possibility of postponing payment of a reasonable proportion of remunerations. The amount of such proportion and the postponement period shall depend on the activities and nature of the work performed by the concerned executive and the risks associated therewith.
 - Executives of supervisory departments (e.g. Risk Management, Audit, Compliance, etc.) shall not be given remunerations based on the performance of their respective departments but rather based on their own performance and accomplishments.
10. The Committee shall approve the remuneration scheme, specifying the remunerations of the Executive Management, including the General Manager's salary and benefits. It shall also approve the staff remuneration schedule and the annual salary increase policy based on the recommendations made by the General Manager.
11. The Committee shall present its reports/recommendations, and report the outcome of its activities, to the Bank's Board of Directors.
12. The Committee shall annually assess the overall performance of the Board and Board Committees, and its members, advising the Central Bank of the results of said assessment.
13. The Committee shall annually evaluate the General Manager's performance using an evaluation system developed by it, which includes a number of KPIs. The General Manager's performance evaluation criteria shall include financial and managerial performance and achievement of the Bank's medium- and long-term plans and strategies. It shall inform the Central Bank of the evaluation results.
14. The Committee shall lay out and annually review a policy for remuneration, benefits, incentives and salaries at the Bank. Upon approving the policy, the Board shall provide the Central Bank with a copy of it within a maximum period of seven (7) business days from the date of approval.
15. The Committee shall identify the Bank's needs of staff as well as qualified members to join the Senior Executive Management and specify the criteria for the selection.

Fourth: Risk and Compliance Committee

The Risk and Compliance Committee has been formed by a decision of the Bank's Board of Directors and is comprised of four (4) members, two of whom are independent, bearing in mind that members of the Senior Executive Management may join the Committee as members as per its charter. The Committee shall continue to operate throughout the tenure of Board membership and shall assume the following roles and authorities:

A. Aspects Relating to Risk Management:

- Approve the organizational structure of the Risk Management Department.
- Approve the risk management policies, instructions, procedures and reporting system, and review the same on a regular basis and determine their efficiency.
- Approve and supervise the acceptable Risk Appetite levels at the Bank and review the same on a regular basis.
- Identify the risks to which the Bank may be exposed and monitor the efficiency of controls, as well as identify and develop the means and tools to assess, measure and mitigate such risks.
- Assess the efficiency of the Bank's control systems to ensure that they are fully implemented by all departments.
- Review all reports issued by the Risk Department, taking all actions to minimize the risks to which the Bank may be exposed and presenting recommendations in this regard to the Bank's Board.
- Strive to raise the awareness of employees of all types of risks to which the Bank may be exposed.
- Undertake any other duties pertaining to risk management and review the Bank's risk management framework.
- Review the Bank's risk management strategy before having it approved by the Board of Directors.
- Keep abreast of developments affecting the Bank's risk management and submit periodic reports regarding the same to the Board.
- Make sure there is no discrepancy between the actual risks that the Bank takes, and the risk appetite approved by the Board.

- Create a suitable environment to ensure identification of risks that have a material impact on the Bank and any activities that may expose the Bank to risks greater than the approved risk appetite, reporting the same to the Board and following up the handling thereof.
- Monitor and assess the various risks to which the Bank may be exposed.

B. Aspects Pertaining to Compliance

- Review the notes contained in the reports of the Compliance Department, the Central Bank and the external auditor on compliance at the Bank and follow up on the actions taken thereon in a manner that does not conflict with the authorities of the Audit Committee.
- Recommend to the Board the approval of the compliance policy, AML policy, know your customer policy and any amendments made; as well as any other policies regulating the Bank's compliance activities.
- Review the periodic (quarterly, bi-annual and annual) audit reports issued by the Compliance Department with respect to the compliance of all the Bank's policies, procedures and work plans with the relevant laws and official instructions
- Review the Compliance Department's annual plan and work program and ensure adherence.
- Receive reports on suspicious transactions of which the Anti-Money Laundering and Terrorism Financing Unit is notified.
- Review the corrective and/or disciplinary procedures and measures taken by Executive Management upon discovering any violations arising from non-compliance, especially for violations that may subject the Bank to legal penalization or financial loss or jeopardize its reputation.
- Undertake any other duties pertaining to compliance.
- Operate under the supervision of the Board, reporting and presenting its recommendations to the same with respect to the outcomes of its activities. The Compliance Committee shall convene regularly at the invitation of its Chairman at least twice a year or whenever the need arises, or at the decision of the Board or at the request of one of its other members. The Committee's meeting minutes shall be duly recorded, and its meetings shall be considered legally valid if attended by at least two (2) members. Committee recommendations shall be made by majority vote.

Fifth: Credit Facilities Committee

The Committee has been formed by a decision of the Board of Directors. The number of its members may not be less than five (5) and any one of them may be an independent member, provided that he is not a member of the Audit Committee. Members of the Senior Executive Management may participate in the Committee's meetings to present their recommendations and examine credit facilities surpassing the authority of the highest Executive Management Committee. The legal minimum for Committee meetings shall be the attendance of at least four (4) members. Committee decisions are taken by a majority vote regardless of the number of members in attendance. Committee members shall personally attend and vote on their own decisions. In the event of inability to attend personally, members may express their opinion by video or phone. They may vote and sign the meeting minutes provided that this is duly documented. This procedure is considered an exception specifically for this Committee. The Committee shall be concerned with matters pertaining to granting credit facilities and strategic investments, and its authorities in respect of credit and investment shall be determined in accordance with the authority matrix approved by the Board. The Committee's roles and authorities can be summarized as follows:

- The Credit Facilities Committee shall take the right decision with regard to the facilities recommended for approval by the Executive Management Committee.
- The upper limits of the powers vested in this Committee regarding the granting, modification, renewal or restructuring of credit facilities shall be determined and the Board's powers in this regard shall be clarified.
- The Committee shall periodically submit to the Board details of the facilities approved by it.
- The Committee shall take decisions on exceptional cases within the limits of the authority matrix and in accordance with the applicable terms and principles, and the administrative hierarchy.
- The Board may delegate some or all of the powers of the Credit Facilities Committee regarding the amendment of conditions or the restructuring of facilities to the Senior Executive Management Committee. The Credit Facilities Committee should be informed of the decisions taken within these powers.
- The Committee shall approve credit transactions in accordance with the Bank's authority matrix and the Committee's charter approved by the Board of Directors.

Sixth: Strategic Planning Committee

The Committee has been formed by a decision of the Board of Directors and shall be comprised of four (4) members of the Board, one of whom shall act as the Committee's Chairman. Committee members must be knowledgeable of administrative and financial matters and possess experience in banking and markets. A rapporteur shall be appointed to the Committee by the Board of Directors. The Committee shall convene regularly or whenever the need arises and shall take decisions and issue recommendations by majority of three of its members, of whom one shall be the Committee's Chairman. It shall submit its reports and recommendations, once they are issued, to the Board. The Committee shall hold no less than two (2) meetings per year. The duties undertaken by the Committee can be summarized as follows:

- The Committee shall recommend to the Board its suggestions regarding the Bank's appropriate strategic direction in light of the economic conditions, investment climate, and competition in the banking sector and developments therein.
- The General Manager shall be informed of the Board's strategic directions, plans and decisions, so that he can set the plans and executive procedures for the various business units at the Bank. Such strategic directions shall be adopted in the preparation of the annual work plans and budgets.
- The Committee shall review the General Manager's suggestions regarding work strategies to discuss them and prepare

the necessary relevant recommendations for presentation to the Board.

- The Committee shall discuss the Bank's estimated annual budgets and decide thereon ahead of presentation to the Board.
- The Committee shall review the progress of annual work plans and estimated budgets, by comparing the actual accomplishments against the set targets and assess the causes of any deviation from set targets.
- The General Manager shall be invited to attend the meetings held by the Committee, in addition to any other person it deems appropriate. Dates of said meetings shall be set in coordination with the Committee's Chairman or whenever requested, provided that the General Manager is advised of the same by the Committee's rapporteur.
- The Committee's rapporteur shall be responsible for preparing the invitations for its meetings, agendas and minutes of meetings, and follow up on the implementation of its recommendations thereof as approved by the Board.
- The Committee shall undertake any other duties assigned thereto by the Board.

Seventh: Debt and Property Settlement Committee

The Debt and Property Settlement Committee consists of four (4) Board members and the Board appoints the Committee Chairman from among these four members. The Committee shall convene on a regular basis, provided that the meetings held shall not be less than two (2) meetings per year. It shall take decisions and issue recommendations by majority of at least two of its members, one of whom shall be the Committee Chairman, and submit its reports and recommendations, once they are issued or whenever the need arises, to the Board. The roles undertaken by the Committee can be summarized as follows:

- The Committee shall lay out the policy and executive plans pertaining to the disposal of property expropriated by the Bank, with the aim of reducing the property portfolio to a minimum to achieve capital profits on the one hand and increasing capital adequacy and preserving liquidity on the other.
- The Committee shall set, in coordination with the Executive Management, auction ceilings for property mortgaged to the Bank upon the Bank's participation in such auctions to assess any determinants imposed by certain considerations related to the size of the mortgage loan, its provisions and outstanding interest.
- The Committee shall monitor the estimated values of all Bank-owned properties, ensuring these are updated at least every two years and taking into account the requirements of the Central Bank and auditors in this regard.
- The Committee shall study the recommendations of the Property Sub-Committee with respect to the selling or substitution of properties and take appropriate decisions regarding purchase offers of any property, taking into account market estimates and the Bank's considerations.
- The Committee shall study the recommendations presented by Executive Management through its practical experience and take the necessary decisions.
- The Committee shall review the monthly statement of new properties mortgaged to the Bank and their estimated values, as well as the auction participation statement.
- The Committee shall undertake any other relevant duties assigned to it by the Board of Directors.

Eighth: IT Governance Committee

The IT Governance Committee shall be comprised of four (4) Board members. It shall convene at least on a quarterly basis, presenting its reports regularly to the Board. It shall undertake the duties assigned to it under the attached IT Corporate Governance Manual.

Decisions by the Board of Directors and Board Committees shall be issued by majority vote. In case of equal votes, the Chairman shall have a casting vote. The Committees shall have the following authorities:

- Request any data or information from the Bank's personnel who shall, in turn, be cooperative and provide such information in a complete and accurate manner.
- Request legal, financial, administrative or technical advice from any external advisor.
- Request the presence of any employee in the Bank to get the necessary clarifications.

Part VI: Conflict of Interest, Disclosure and Transparency

First: Conflict of Interest within the Board

The Bank shall ensure that no Board member has any direct or indirect interest in the business and contracts concluded by the Bank. However, if this is necessary, the matter shall be subject to the approval of the General Assembly, which is to be renewed annually. Any business carried out via public tenders shall be exempt from such requirement if that Board member has offered the best proposal and in a manner that does not conflict with the Companies Law. Moreover, the Board member shall notify the Board if he/she has a personal interest in the business and contracts made for the Bank, with such notification being documented in the meeting's minutes, provided that said member may not participate in voting on the decision to be issued in this regard. The General Manager shall inform the General Assembly, upon convening, of the business and contracts in which a Board member maintains a personal interest. Such notification shall be accompanied by a special report from the chartered accountant. The Board Member may not participate in any activity which may be in competition with the Bank. In this regard, the Bank shall be keen to avoid conflict of interest through the following:

- The Bank shall adopt policies and procedures for rectifying any conflict of interest.

- The Bank shall adopt policies and procedures for governing transactions with related parties, ensuring that they include a definition of those parties, taking into consideration the applicable laws and regulations, transaction terms, approval procedures and mechanism for monitoring such transactions.
- The supervisory departments in the Bank shall ensure that any transaction involving related parties has been carried out in accordance with the approved policy and procedures. The Audit Committee shall review and monitor all related-party transactions and update the Board on the same.
- The Board shall ensure that the Senior Executive Management implements the adopted policies and procedures.
- The Board shall adopt controls to manage the transfer of information within various departments to prevent exploiting such information for personal gains.
- The Board shall ensure that the Executive Management exhibits the highest level of integrity in performing its duties and avoids conflict of interest.

Second: Disclosure and Transparency

- The Board shall ensure that financial and non-financial information that is of interest to stakeholders is published.
- The Bank's annual report shall also include a statement to the effect that the Board is liable for the accuracy and completeness of the Bank's financial statements and other information contained in the report, as well as for the adequacy of the internal control systems.
- The Board shall ensure that the Bank's financial disclosures are consistent with the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Central Bank's instructions, and other relevant legislation. It shall also ensure that the Executive Management is always up to date with IFRS changes.
- The Bank shall provide the Central Bank with the number of shares pledged by shareholders who hold 1% or more of the Bank's capital and the party for which the shares are pledged.
- The Board shall ensure that the Bank's annual and quarterly reports include disclosures that allow current and potential shareholders to know the financial position and operating outcomes of the Bank.
- Prior to the appointment of Senior Executive Management members, the Bank must obtain the candidate's CV accompanied by academic certificates, experience certificates, certificates of good conduct and other necessary supporting documents, and a signed copy of the declaration attached to the governance instructions. The Bank shall furnish the Central Bank with a copy of the said declaration and the CV.
- The Board shall ensure that the annual report includes, at minimum, the following:
 - Summary of the Bank's organizational structure.
 - Summary of the roles and responsibilities of Board committees and the authorities delegated to each committee.
 - Useful information of interest to stakeholders as identified in the Corporate Governance Manual and the extent of the Bank's compliance with the Manual.
 - Information on each Board member, including qualifications and experience, amount of shareholding in the Bank, whether an independent or non-independent Board member, membership in Board Committees, date of appointment to the Board, other memberships in the boards of directors of other companies, remunerations of all forms for the previous year in addition to loans from the Bank and any other transactions between the Bank and the Board member or parties related thereto.
 - Information about the Risk Management Department, including its structure and nature of its operations, and changes therein.
 - Number of meetings of the Board and Board committees and the number of meetings attended by each member.
 - Names of independent Board members and senior executives during the year.
 - Summary of the remuneration policy and full disclosure of all forms of remuneration to each individual member of the Board and Senior Executive Management for the previous year.
 - List of shareholders that own 1% or more of the Bank's capital, identifying the Ultimate Beneficial Owners of such shareholdings or any part thereof, in addition to a clarification as to whether the shareholdings are wholly or partially pledged.
 - Declarations from all Board members confirming disclosure of all benefits, in cash and in kind, received by them, or any persons related to them, in association with their work at the Bank in the past year.
- The Central Bank may object to the nomination of any person for Board membership, if it is found that he/she does not fulfill the requirements set forth in the Central Bank's instructions. The Bank shall observe the following:
 - o The Chairman and each member of the Board must sign the relevant declaration, with a copy kept with the Bank and another sent to the Central Bank along with the members CV.
 - o The Central Bank shall be invited to attend the General Assembly meetings, at least fifteen (15) days prior to the set date, so that it may designate a representative.
 - o The Bank shall inform the Central Bank at least thirty (30) days prior to the General Assembly meeting of its intention to nominate the external auditor for election (or re-election) by the General Assembly.
 - o The Bank shall provide the Central Bank with information about members of the Board and Board Committees as well as the Senior Executive Management, as per the forms designed for this purpose, on a semi-annual basis and in the event of any change.
 - o The Bank shall provide the Central Bank with information about Board Members, Management Boards and Senior Executive Managements of the Bank's subsidiaries inside and outside Jordan, as per the forms attached to the Corporate Governance Guide, on a semi-annual basis and in the event of any change.
 - o The Bank shall provide the Central Bank with the General Assembly meetings within a period not exceeding five (5) days from the date of endorsement by the Companies General Controller or a representative.

- oThe Central Bank may summon any nominee for the Senior Executive Management for an interview prior to appointment. In addition, the Central Bank may, in the cases it deems necessary, summon any nominee for the Board of Directors for an interview.
- oThe Central Bank may appoint an external entity to assess the governance of any bank, at the expense of the latter.
- oThe Central Bank may, at any time, invite members of the Audit Committee, Internal Audit Manager or Compliance Manager to examine any matter falling within the scope of their duties.
- oThe Central Bank may set a larger number of independent members in the Board's structure, if deemed necessary.
- oThe Central Bank may consider any member as being non-independent as per certain data, in spite of that member fulfilling all requirements stipulated in Article 6/d of the Corporate Governance Instructions No. 63/2016 dated 25/9/2016, as set forth in Part Three «Suitability, Qualifications and Evaluation of Board Members» of the Corporate Governance Manual.
- oThe instructions issued by the Palestine Monetary Authority and the regulatory authorities in Palestine concerning corporate governance shall be observed. Should there be any conflict, the prior approval of the Central Bank shall be obtained to address such conflict.
- The Companies Law and any other relevant laws, legislation and instructions issued by the regulatory authorities shall be observed in a manner that does not conflict with the provisions of the Corporate Governance instructions.
- The duties of Board Committees' rapporteurs shall be set to include: attending all committee meetings; recording all deliberations, suggestions, objections and reservations; coordinating meetings with the respective Committee's Chairman and members; ensuring that Committee members sign the meeting minutes and resolutions; keeping the Committee's meeting records and documents; and making preparations for meetings. Committee rapporteurs do not have the right to vote.
- No Board member may be appointed as chairman of more than one of the committees mentioned in the Corporate Governance Instructions (e.g., Corporate Governance Committee, Audit Committee, Nominations and Remuneration Committee, Risk and Compliance Committee). Moreover, the Board member may not serve as chairman of more than two Board committees.

Part VII: General Regulations

The Bank shall compile the Governance Report and incorporate it into the Annual Report. The Governance Report shall be signed by the Chairman of the Board and shall primarily include the following:

- Information and details pertaining to the implementation of these instructions and corporate governance regulations at the Bank.
- Names of current and resigning members of the Board of Directors for the year, indicating whether they are executive or non-executive, independent or non-independent members.
- Names of representatives of corporate members of the Board, indicating whether they are executive or non-executive, independent or non-independent representatives.
- Names and titles of the Executive Management's members.
- All board memberships held by any Board Member in public shareholding companies, if any.
- Names of Board Committees.
- Names of the Chairman and members of the Audit Committee along with a profile of their qualifications and expertise in relation to financial or accounting matters.
- Names of the Chairman and members of the Nominations and Remuneration Committee, Governance Committee, and Risk and Compliance Committee.
- Number of meetings held by all Committees during the year along with the names of attending members.
- Number of the meetings held by the Audit Committee with the external auditor during the year.
- Number of the meetings held by the Board during the year along with the names of attending members.

Control Objectives for Information and Related Technologies (COBIT) Manual

Introduction

Jordan Commercial Bank (JCB) recognizes the importance of observing the best standards in the area of information and related technologies. This comes in line with the Bank's keenness to safeguard its position and adopt the best international practices in managing IT resources, projects and services in a manner enabling it to conduct its activities and fulfill its strategic objectives effectively and efficiently, which will, in turn, reflect positively on the quality of the Bank's products and services on the one hand, and on decision-making and risk management mechanisms on the other. This also stems from the Bank's profound respect for the integrity of the overall banking system and compliance with the sound international banking practices.

The Board of Directors and Executive Management have acknowledged the need for adopting successful products that require efficient and effective application of information technology in parallel with the Bank's various business practices and procedures. This requires the application of a framework for the governance and management of IT and related technologies. It is also important to separate the Board's governance-related processes, roles and responsibilities from those lying within the scope of Executive Management regarding information and related technologies, while observing sound principles and standards in managing IT resources, in line with the best international practices, primarily the Control Objectives for Information and Related Technologies (COBIT) Framework. This contributes to controlling risks and fulfilling stakeholder expectations by implementing sound governance rules, while avoiding engagement in unproductive investments and unjustified expenditure, ultimately translating into significant losses that may, at times, undermine the Bank's reputation and performance.

In asserting the unique identity of JCB, this Manual was compiled and attached to the Corporate Governance Manual. This Manual expresses the Bank's stance on the governance and management of information and related technologies in terms of their concept, importance and basic principles and in a manner that conforms to the applicable legislation and best international practices and confirms the Bank's compliance with all laws and legislation issued in this regard.

The provisions of this Manual shall be applicable to the branches of JCB in both Jordan and Palestine. The Bank will publish the IT Governance Manual on its website and disclose it in its annual report, indicating the extent to which the Manual's provisions have been implemented.

Part I: Information Technology Governance, Scope and Objectives

First: Governance

The management of information and related technologies is a set of continuous activities that fall within the scope of the Executive Management's responsibilities. These activities include planning with the intent of fulfilling strategic objectives involving alignment and organization; building and development involving procurement and implementation; operation, service delivery and support; and monitoring activities such as measurement and evaluation. This is to be done in a manner that secures continuous achievement of the Bank's strategic objectives and directions. In light of this, the governance of information and related technologies is defined as the process of distributing roles and responsibilities and characterizing relationships between parties, various entities and stakeholders with the aim of maximizing the Bank's added value. In so doing, an ideal approach is adopted for maintaining a balance between risks and anticipated revenues by implementing the regulations, principles and mechanisms required to ensure sound decision-making and determine the Bank's strategic direction and objectives as well as the mechanisms for controlling and monitoring compliance with the same to guarantee continuous progress and development. This is to be achieved through the governance of operations, a process related to an array of practices and activities established pursuant to the Bank's policies and which are necessary for achieving the objectives of information and related technologies. These objectives, arising from corporate objectives, can be divided into primary and secondary objectives and are required for meeting stakeholder needs.

In this respect, the term "stakeholders" refers to any person with an interest in the Bank, such as shareholders, employees, creditors, customers, external suppliers or regulatory authorities concerned with the activities of the Bank.

Second: Scope of IT Governance and Relevant Parties

The scope of implementing the IT governance requirements encompasses all the Bank's IT-based operations in various branches and departments. All stakeholders are deemed to be concerned with the implementation of such requirements. The Bank has already launched a project for creating and providing the required environment and fulfilling the

requirements of IT governance in accordance with the COBIT framework, while designating roles to each of the following:

- Chairman, Board members and external experts for the purposes of providing direction, approving roles and responsibilities, providing support and approving the necessary funding for the project.
- The General Manager and his deputies and assistants, and operations managers to nominate suitable persons with experience in the Bank's operations to represent them in the project and describe their duties and responsibilities.
- IT Manager and Steering Committees, and project managers to provide overall direction, submit the required reports to the Board's IT Governance Committee, monitor the role of project managers, and ensure the provision of sufficient resources and sound acknowledgement of the corporate objectives pertaining to IT governance.
- Internal Audit shall be assigned with providing advice and practicing independent control, as an independent consultant and controller, to ensure successful performance of executive matters. This is aimed to facilitate the successful completion of the corporate governance framework, by examining the IT audit reports, taking the appropriate actions to rectify any irregularities, monitoring the quality of the technical and technological services and striving to enhance and improve them on a continuous basis, in light of the proposed recommendations and suggestions. Both the Board Audit Committee and the External Auditor shall furnish the Central Bank, during the first quarter of the year, with an annual internal audit report and an external audit report respectively, outlining the response of the Executive Management and the recommendations made by the Board of Directors.
- The Risk, Information Security, Compliance and Legal Departments shall engage in the aforementioned project, each in its own domain, implement its framework, monitor requirements, commit to its objectives and policies, and ensure the existence of an appropriate regulatory environment.
- The Bank shall rely on experts and holders of technical and professional certificates related to the COBIT Standard (e.g. COBIT Foundation, COBIT Assessor, COBIT Implementation and CGEIT), from within and outside the Bank, to assume the role of guide and assessor during the phases of implementation, as well as to communicate knowledge of the Standard and facilitate compliance therewith.
- Upon concluding outsourcing agreements with external parties to provide IT-related human resources, services, software and infrastructure with the aim of ensuring seamless operations, the Bank shall make sure that such external parties implement the IT governance instructions, whether in part or in whole, corresponding with the importance and nature of the Bank's operations, services, software and infrastructure provided before and after the contract duration. The Board of Directors and Senior Executive Management shall not be relieved from the ultimate responsibility of fulfilling the requirements of all instructions, including the audit requirements set forth in this Manual.

Third: IT Governance and Management Objectives

The main objective of IT governance is «to create added value» for the Bank by ensuring the optimal use of IT, preserving and increasing the value provided through investments in them, and disposing of IT initiatives and assets that fall short of creating sufficient added value for the Bank. This involves the optimization of resources and controlling of risks, and addressing of business risks associated with IT use, ownership, operation and adoption in the Bank, as well as ensuring the availability of the appropriate capabilities necessary for implementing the strategic plan, and sufficient, suitable and effective resources. This is in addition to ensuring a sound decision-making process that accommodates the stakeholders' interest in added value on the one hand and compares risks to revenues through the optimal utilization of resources on the other.

Accordingly, the objectives sought by the Bank through the adoption of an IT governance framework are as follows:

1. Meeting stakeholder needs by achieving the objectives of information and related technologies, in a manner ensuring:
 - Provision of high-quality information to be used as a foundation for supporting the Bank's decision-making mechanisms.
 - Prudent management of IT resources and projects, maximizing the benefits from these resources and reducing wastage.
 - Provision of exceptional and supportive technology infrastructure enabling the Bank to fulfill its objectives.
 - Upgrading of the Bank's various operations via the deployment of an efficient and reliable technology system.
 - Prudent management of IT risks ensuring the necessary protection for the Bank's assets.
 - Realization of compliance with the requirements of various laws, legislation and instructions, as well as compliance with internal business strategies, policies and procedures by strengthening the Bank's internal control and monitoring systems.
 - Improvement of the Bank's internal control and monitoring systems.
 - Maximization of the level of user satisfaction with IT by fulfilling business needs in an efficient and effective manner.
 - Management of the services of outsourced parties assigned with executing various processes, tasks, services and products.
2. Achieving comprehensive IT governance and management of information and associated technology, by providing the necessary enablers.
3. Adopting regulation and organization practices and procedures that are in line with the best international standards as a foundation for launching the governance and management of IT processes, projects and resources.
4. Separating the Board's governance processes, roles and responsibilities from those falling within the jurisdiction of the Executive Management in respect of information and related technologies.
5. Enhancing the mechanisms of self-monitoring and independent monitoring and examining compliance in the fields of IT governance and management, so as to contribute to continuous improvement and development.

The governance and management objectives and the other six enablers related to cybersecurity, risk management, data privacy and protection, compliance, control, audit, and strategic alignment are considered Focus Areas of high importance and priority.

Part II: The Bank's COBIT Framework and Enablers

First: IT Governance Principles

The key principles of IT governance enable the Bank to forge an effective governance and management framework, which optimizes the utilization of information and investment in technology. Below are the key principles for the governance and management of information and related technologies in accordance with COBIT Framework:

1. Meeting Stakeholder Needs

The main objective of the Bank is to create value for stakeholders and thus realize benefits through resource optimization.

2. Covering the Enterprise End-to-End

The framework aims to integrate IT governance with corporate governance, in a manner covering all functions and operations within the Bank.

3. Applying Single Integrated Framework

The framework aligns with the latest relevant standards and frameworks, enabling it to become a comprehensive framework that safeguards corporate IT and all that is related to the management.

4. Enabling a Holistic Approach

A holistic and comprehensive approach for corporate governance and IT governance shall be adopted.

5. Separating Governance from Management

The Board of Directors shall be concerned with implementing sound corporate governance at the Bank and separating between the role of the Board and that of the Executive Management. The responsibilities assumed by the Executive Management involve the tasks and duties required from the General Manager and other Executive Management bodies, such as planning, building and operating, as well as following up on various activities to make sure that they are in alignment with the directions set by the Board in order to realize the Bank's strategic objectives.

Second: Enablers

Inclusiveness is achieved in the governance and management of information and the associated technology in terms of taking into consideration not only the technology itself, but also providing seven pillars (7 Enablers) that accompany and complement the information technology services, which are as follows:

1. Principles, Policies and Frameworks: These are means to translate the desired behaviors into practical instructions for day-to-day management.
2. Processes: These involve an organized set of practices and activities aimed at realizing specific objectives.
3. Organizational Structures.
4. Culture, Ethics and Behavior: These are molded via the Bank's value, ethics and behavior system.
5. Information: It includes all information produced and used by the Bank and which is necessary for properly operating and governing the Bank.
6. Services, Infrastructure and Applications: These are designed to provide the means for processing IT and facilitate the provision of services.
7. People, Skills and Competencies: These are necessary to successfully complete all activities and take sound decisions and actions.

In order for the Bank to ensure a successful IT governance framework, it undertakes to activate the aforementioned Seven Enablers.

Upon proceeding with the implementation of the Seven Enablers and secondary processes and objectives, the Bank shall tailor the same in line with the Bank's terms to serve the objectives and requirements of IT governance and COBIT. The Bank shall also work on making the change needed to provide and foster the necessary implementation environment, by adopting the «Gap Analysis» method, comparing between the current situation and the requirements of the IT governance and COBIT Framework for the purpose of committing to implementation. The Bank shall submit to the Central Bank a biannual progress report on the implementation of the COBIT requirements.

Third: IT Governance Processes

The process reference model divides the IT governance processes into two domains:

1. The Board's (Governance) Domain: This can be divided into five processes, with each process defining the Evaluate, Direct and Monitor practices (known as EDM5). They aim to set and maintain the IT governance framework, ensure value optimization, ensure risk optimization, ensure resource optimization and ensure stakeholder transparency.
2. Executive Management's (Management) Domain: This domain is further divided into four sub-domains of processes that are in line with the responsibility areas of Plan, Build, Run and Monitor (PBRM). These sub-domains provide end-to-end coverage of IT governance and their names have been selected in accord with their respective significance:
 - Align, Plan and Organize (APO): It relates to the formulation of the IT policy and IT strategy, establishment of the Bank's organizational structures, management of financial affairs and management of investment portfolios.
 - Build, Acquire and Implement (BAI): It relates to business analysis, project management, utilization scenario evaluation, requirements definition and management, programming, system engineering, system decommissioning and capacity management.
 - Deliver, Service and Support (DSS): It relates to the management of continuity, problems, service and incidents office, security services, IT processes, and database.

- Monitor, Evaluate and Assess (MEA): It relates to compliance (alignment) review, efficiency monitoring and controls auditing.

The Bank shall optimally implement the aforementioned domains and processes to ensure the successful application of sound IT governance.

Fourth: Process Capability Levels

The capability levels are used for the purpose of improving processes, assessing the maturity of processes, identifying targeted levels and detecting deviations. There are six levels for classifying processes as follows:

- Level 0: Incomplete process— The complete absence of any clear processes and thus the Bank has not detected any issue to be addressed.
- Level 1: Performed process— There are indications that the Bank has detected issues to be addressed, yet there are no standard procedures. Instead, there are only approaches related to a specific purpose, and they are implemented on an individual or case basis. Therefore, the Bank's management approach is unsystematic.
- Level 2: Managed process— Processes develop to a stage where similar procedures are followed by different individuals performing the same task. However, there are no official training or standard procedures to be adopted. Accordingly, each individual shall be solely responsible for the procedure to be taken and there is substantial reliance on individual knowledge, and thus there exists a potential for errors to occur.
- Level 3: Established process— Processes have been documented and identified to serve as standard processes to be deployed throughout the Bank via training. Documentation stipulates the necessity of following these processes; however, it is unlikely to detect deviations.
- Level 4: Predictable process— The Management shall monitor and measure the level of compliance with the set policies, take measures in cases where operations are not working efficiently. The said processes are subject to continuous improvement and present a mature experience for others. In this stage, automation and tools are used in a limited or fragmented manner.
- Level 5: Optimizing process— At this level, processes have been refined to reach the level of sound practice, based on the outcomes of continuous improvement and preparation of maturity models through participation with other institutions. Here, information technologies are utilized in an integrated manner for automating workflow, providing the tools for enhancing quality and efficiency and enabling the Bank to adapt swiftly.

The capability level of the activities related to the IT governance objectives and the remaining six enablers or components associated with them is directly proportional to the degree of importance and priority based on the results of the quantitative and qualitative study. The Bank is keen that the capability level of the priority activities should not go below Level 3 (Fully Achieved) according to the capability scale in the COBIT Framework*, and it strives to achieve higher capability levels.

Part III: Board of Director's Role in Managing Information and Related Technologies

The roles, activities and relationships constitute the elements defining the entities concerned with governance and how they can be engaged in the implementation process. One of the most important principles upon which IT governance is based is the separation of the roles of the Board from those of the Executive Government. Such separation can be achieved by identifying the method of communication between stakeholders and the Executive Management. The roles and responsibilities of said entities are as follows:

1. The Board of Director's Roles and Responsibilities:

- The Board shall monitor the activities of Senior Executive Management with the aim of verifying the effectiveness and efficiency of operations, the credibility of financial reports and compliance with applicable laws, legislation and instructions. The Senior Management shall implement the fundamental principles of internal control systems, while the Board of Directors shall be directly responsible for the evaluation, direction and control processes as well as for the processes of «ensuring prudent management of IT risks» and «risk management».
- The Board shall allocate adequate budgets and designate the necessary tools and resources, including qualified personnel, through dedicated IT audit divisions. It shall also ensure that the Bank's Internal Audit Department and the external auditor are capable of conducting specialized IT audit and review of the processes pertaining to the utilization and management of IT resources and projects and the Bank's IT-based operations. This shall be done at the hands of qualified and internationally certified professionals in the field, holding valid professional certifications, such as CISA, from internationally acclaimed institutions, as per the standards set by certification organizations (ISO/IEC 17024) or other equivalent standards.
- The Board shall, through the IT Governance Committee, approve the principles, policies and frameworks required for fulfilling the overarching framework pertaining to the management and control of IT resources and projects in a manner

that ensures meeting the requirements of the IT governance objectives and processes. The Board shall also approve the same regarding the management of IT Risks, IT security and human resources in a manner that ensures meeting the requirements of the IT governance processes and policies needed for managing IT governance processes and resources. The said policies shall be applied in integration with the Bank's other policies regulating its work, ensuring alignment between objectives and mechanisms. Each policy shall determine the owners, scope of implementation, review and update frequency, access and distribution authorities, objectives, responsibilities, relevant work procedures, penalties in case of non-compliance, and compliance investigation mechanisms. In devising the said policies, all internal and external partners shall be invited to contribute to the same, while adopting the best international practices and any updates thereof.

- The Board shall approve the (hierarchical and committee) organizational structures relating to the management of IT resources, processes and projects, IT risks, information security and human resources, to fulfill the requirements of IT governance processes and achieve the Bank's objectives efficiently and effectively. In this context, it is important to ensure the separation of roles and meet bilateral control requirements, at minimum, as well as update and ensure the adequacy of job descriptions upon approving and modifying the Bank's organizational structures.
- The Board shall develop the necessary infrastructure and information systems to provide information and reports for the users thereof, as a foundation upon which the Bank's decision-making processes are based. Accordingly, Information Quality Criteria must be met, including Integrity Completeness, Accuracy and Validity or Currency, together with confidentiality as per the data classification policy, availability requirements and compliance with such information and reports, in addition to other requirements stipulated by COBIT 5 and Information Enabling.
- The Board shall, through the IT Governance Committee, approve the information and reporting system, considering it a minimum requirement, while identifying the owners of said information and reports. Authorities pertaining to the access and use shall be determined through said owners, in accordance with work needs and concerned partners, and shall be continuously reviewed and developed to keep up with the developments in the Bank's objectives and processes. This shall be done in line with the best acceptable international practices in this regard.
- The Board shall, through the IT Governance Committee, approve the system of IT services, programs and infrastructure that support the fulfillment of IT governance processes, and consequently the objectives of information and related technologies, and ultimately the overarching corporate objectives. This system shall be considered a minimum requirement and shall be continuously developed to remain up to speed with the Bank's objectives and processes and in line with the best acceptable international practices.
- The Board shall, through the IT Governance Committee and Nominations and Remuneration Committee, approve the HR Competencies Matrix and the HR management policies required for fulfilling the requirements of IT governance processes based on merit. The Board and the Senior Executive Management shall employ various mechanisms for driving desirable behaviors and dissuading undesirable ones by adopting, for example, a rewards and penalties system.
- The Board shall, through the IT Governance Committee and the Audit Committee, approve a corporate and professional ethics system that reflects internationally accepted professional conduct regulations pertaining to the handling of information and related technologies. The said system should clearly define both desirable and undesirable behaviors and any implications.

2. IT Governance Committee

For the purpose of fulfilling the above-mentioned tasks required from the Board of Directors, the IT Governance Committee was formed by a decision from the Board. The Committee comprises of four Board Members, exhibiting strategic expertise and knowledge in the IT industry. A chairman for the said Committee was appointed from among the four Board Members. The Committee shall convene at least quarterly and shall keep documented minutes of meetings. Regular reports shall be submitted to the Board of Directors. The roles undertaken by the Committee can be summarized as follows:

- The Committee shall approve the IT strategic objectives and appropriate organizational structures, including the Steering Committee at the level of Senior Executive Management. This is to be done in a manner that guarantees the realization and fulfillment of the Bank's strategic objectives and achievement of the best added value from the projects and investments in IT resources, ensuring the utilization of the necessary tools and standards to monitor and confirm the achievement of the same.
- The Committee shall approve the general framework for the management and control of IT resources and projects, which simulates the best international standards in this regard, specifically COBIT.
- The Committee shall approve the corporate objectives matrix and the related alignment objectives, while detailing the secondary objectives required for the fulfillment thereof.
- The Committee shall approve the responsibilities matrix (RACI Chart) regarding the main processes of IT governance and sub-processes thereof.
- The Committee shall ensure the existence of a general framework for IT risk management, which integrates and is in line with the Bank's overarching risk management framework.
- The Committee shall approve the budget of IT resources and projects in accordance with the Bank's strategic objectives.
- The Committee shall oversee and observe IT workflow, resources and projects to ensure their adequacy and efficient contribution to fulfilling the Bank's needs and business activities.
- The Committee shall review IT audit reports and act as necessary to rectify any deviations.
- The Committee shall recommend to the Board the adoption of the necessary actions for rectifying any deviations.
- The Committee shall have the right to invite the Bank's Executive Officers to attend its meetings for their opinion on various matters. The Compliance and AML Manager shall be the Committee's Rapporteur.

* No more than 26% of the governance and management objectives (a maximum of 9 out of 35 objectives) may be considered of low importance and priority or negligible.

- The Committee shall determine the importance and priority of governance and management objectives and how they relate to the corporate objectives and their associated alignment objectives, in addition to their association with the other six enablers or components. It shall do so by relying on a qualitative and/or quantitative study prepared for this purpose at least annually. The said study shall take into account the Design Factors mentioned in Design Guide - COBIT 2019.
- The Committee may approve the reports of the internal and external auditors, provided that the Board shall be informed of the same.
- The Committee shall review the cybersecurity policy and program, and the Board shall approve, and confirm compliance with, the same.
- The Committee shall ensure alignment between the Bank's general strategic plan and the IT Department's strategic plan in a manner that ensures the achievement of the Bank's strategic goals.
- The Committee shall ensure the application of IT services to reduce risks.
- The Committee shall monitor performance indicators, the implementation of the Bank's overall strategy, project progress, resource utilization, service delivery quality indicators, and balanced objective cards that reflect the achievement of strategic objectives.
- The Committee shall ensure the optimal investment of available resources, whether they are sensitive systems, information, IT infrastructure, or employees.
- The Committee shall ensure the establishment of a system and mechanism to manage the services provided by third parties with the aim of supporting the Bank's provision of services.
- The IT Governance Committee shall ensure the independence of the Information Security Unit and that it reports directly to the Risk Department. The Steering Committee shall review the semi-annual reports submitted by the Information Security Unit and submit them to the IT Governance Committee focusing on cyber security in the Bank, deviations in the implementation of cyber security policy and procedures, assessment results of cyber risks, assessment results of the adequacy and efficiency of the cybersecurity program and policy, and recommendations, procedures and requirements to be implemented, along with a summary that reviews the most important events of cyber security threats and breaches during the reporting period.

3. Audit Committee:

- The Audit Committee shall include the responsibilities, authorities and scope of work of IT auditing within the Audit Charter as well as within the procedures agreed on with the external auditor, in accordance with the requirements of the regulatory bodies.
- The Audit Committee shall confirm to the Board that both the Bank's internal and external auditors observe the following in the course of implementing the designated auditing of information and related technologies:
 1. IT audit standards as per the latest update of ISACA-ITAF, including the following:
 - Implementing audit tasks as part of an approved plan designated for the same, which takes into consideration the relative importance of operations, risk level and impact on the Bank's objectives and interests.
 - Delivering and adhering to continuous ad hoc training and education schemes provided by dedicated staff.
 - Observing Professional and Organizational Independency standards and ensuring no conflict of interest in the present or future.
 - Adhering to the standards of Objectivity, exerting Due Professional Care, maintaining proficiency in the knowledge and skills required, and maintaining thorough awareness of the Bank's IT-based mechanisms and processes, as well as other (financial, operational and legal) audit reports. This is in addition to exhibiting the ability to present relevant evidence and demonstrate common sense in detecting unacceptable practices that violate the provisions of applicable laws, regulations and instructions.
 2. Examination, assessment and review of operations pertaining to the utilization and management of IT resources and the Bank's operations based on the same, while providing Reasonable Overall Audit Assurance as to the composite risk level to which information and related technologies are exposed. This is to be done within an audit scheme including at least the required themes, taking into account that risk rating scores are divided into five levels (i.e., composite risk rating) in the following descending order: Strong Performance, Rate 1; Satisfactory Performance, Rate 2; Fair Performance, Rate 3; Marginal Performance, Rate 4; and Unsatisfactory Performance, Rate 5.

All themes or part thereof shall be audited at least once every year should the risks be rated as either 4 or 5 on the composite risk rating scale, once every two years should the risks be rated 3, and once every three years should the risks be rated 1 or 2. The constant change in the level of risks and the fundamental changes occurring to the information and related technologies during the mentioned audit periods should be taken into account. The Central Bank shall be furnished with the audit reports, including assessments of the mentioned themes, the Bank's strategic planning and policy mapping mechanisms, written and approved principles and business procedures, mechanisms adopted for the utilization of various resources including IT and human resources, and monitoring, control, improvement and development mechanisms and tools. The results and outcomes of audits shall be duly documented and evaluated, based on the significance of weaknesses and shortcomings (observations) and activated controls, in addition to assessing the level of remaining risks pertaining to each of them using a systematic standard for measuring and analyzing risks. This shall include the agreed corrective measures intended for implementation by the Bank's Management, indicating, in a specific table, the dates set for correction along with the title of the person responsible at the Bank to whom the respective observation belongs. Moreover, the Audit Committee shall furnish the Central Bank, during the first quarter of the year, with an annual internal audit report and another external audit report, respectively, including the Executive

Management's response and the Board's recommendations thereon, in accordance with the audit report template (risks-controls) for information and related technologies.

3. Adoption of regular procedures for following up audit outcomes to ensure that the observations and shortcomings mentioned in the auditor's reports have been rectified on time. This should be accompanied with efforts to gradually upgrade the level of importance and risks in the case of no response, and the Board should be notified of the same whenever the need arises.
4. Inclusion of objective measuring standards in the annual Performance Evaluation mechanisms utilized by IT auditors, provided that the evaluation process is conducted by the Board through its Audit Committee and in accordance with the organizational hierarchy of audit divisions.
5. The internal and external auditors must comply with adopting the system of ethics and professional practices contained in the International Standard (Information Technology Assurance Framework – ITAF) issued by the Information Systems Audit and Control Association (ISACA) and its updates.

The Bank may outsource the Internal IT Audit services to a dedicated external entity that is completely independent of the approved external auditor, provided that all the requirements of the IT governance instructions and any other relevant instructions are met. The Board and its Audit Committee shall maintain their roles in ensuring compliance and fulfillment of the said requirements, as a minimum.

Part IV: The Executive Management's Role in Managing Information and Related Technologies

1. Responsibilities and Roles of the Senior Executive Management:

The Senior Executive Management shall:

- Employ qualified and trained professionals with expertise in the management of IT resources, risks, information security and IT audit, based on valid academic, professional and practical experience certifications obtained from internationally acclaimed institutions, as per the standards set by international certification organizations (ISO/IEC 17024) and/or other equivalent standards, each according to his/her competence and in accordance with the Bank's policies. It shall also make sure to enroll its personnel in continuous education and training programs for maintaining a high level of knowledge and skills in a manner that fulfills and realizes IT governance processes.
- Approve the system of IT services, programs and infrastructure that support the fulfillment of IT governance processes, and consequently the objectives of information and related technologies, and ultimately the overarching corporate objectives. This system shall be continuously developed to remain up to speed with the Bank's objectives and processes and in line with the best acceptable international practices.
- Include objective measuring standards in the annual Performance Evaluation mechanisms, which take into consideration contributions to achieving the Bank's objectives through employment positions.
- Develop the necessary infrastructure and information systems to provide information and reports for the users thereof, as a foundation upon which the Bank's decision-making processes are based. Accordingly, Information Quality Criteria must be met, including Integrity Completeness, Accuracy and Validity or Currency, together with confidentiality as per the data classification policy, availability requirements and compliance with such information and reports, in addition to other requirements stipulated by COBIT 5 – Enabling Information.
- Employ various mechanisms for driving desirable behaviors and dissuading undesirable ones by adopting, for example, a rewards and penalties system.

2. IT Steering Committee

An IT Steering Committee has been formed to ensure strategic alignment of IT to sustainably fulfill the Bank's strategic objectives. The Committee shall be chaired by the General Manager and include in its membership members of the Senior Executive Management, including the CTO, Risk Management Director and Information Security Director. One of the Board members has been elected to act as a controller in this Committee, in addition to the General Auditor in the capacity of a controller. The Committee may invite others to attend its meetings and shall duly and legally document the minutes of its meetings. The Committee shall convene at least once every three months. The roles undertaken by the Committee can be summarized as follows:

1. Drawing up annual plans aimed at realizing the strategic objectives set by the Board, supervising implementation of the same and continuously monitoring the internal and external factors impacting such plans.
2. Linking the corporate objectives matrix to the alignment objectives matrix related thereto; approving and continuously reviewing the same in a manner that ensures the fulfillment of the Bank's strategic objectives and the objectives pertaining to the governance and management of information and related technologies; and defining, reviewing and continuously monitoring measurement standards by relevant officers from the Executive Management, keeping the Committee notified of the same.
3. Recommending the allocation of necessary financial and non-financial resources for achieving the objectives and processes of IT governance; utilizing qualified and suitable human resources through organizational structures that cover all the processes necessary for supporting objectives and pay regard to the separation between roles, preventing conflict of interest; adapting IT and other related infrastructure to serve the desired objectives; and supervising the implementation of IT governance projects and processes.
4. Prioritizing IT projects and programs.

5. Monitoring the quality of technical and technological services and striving to constantly enhance their efficiency.
6. Presenting the necessary recommendations to the IT Governance Committee in relation to the following:
 - Allocation of the necessary resources and mechanisms capable of achieving the objectives of the IT Governance Committee.
 - Any deviations that may negatively impact the fulfillment of strategic objectives.
 - Any unacceptable risks pertaining to IT security and protection.
 - Reports relating to performance and compliance with the requirements of the general framework for managing, controlling and monitoring IT resources and projects.
 - Providing the IT Governance Committee with the minutes of its meetings as soon as they are drafted and ensuring that they are duly reviewed.

The Operations Engineering Department Manager shall act as the Committee's Rapporteur.

References:

1. Corporate Governance Instructions No. 63/2016 dated 25/9/2016 issued by the Central Bank of Jordan.
2. The CBJ's Regulation No. 65/2016 dated 25/10/2016 and the amendments thereto dated 21/01/2019.
3. COBIT Framework issued by ISACA, the USA.

Governance Report

The Jordan Commercial Bank is committed to implementing the provisions of the Companies Law and the Securities Commission Law as well as the provisions of the Corporate Governance Instructions issued by the relevant regulatory authorities. As such, the Bank is fully and optimally compliant with the implementation of corporate governance regulations.

The current members of the Board of Directors were elected on 09/07/2020 for four years. The Bank has a Corporate Governance Manual and COBIT Manual in place. They were prepared and approved in accordance with the provisions of the Corporate Governance Instructions issued by the Central Bank of Jordan and the Corporate Governance Regulations for Listed Shareholding Companies issued by Jordan Securities Commission. Moreover, they are updated according to the instructions issued by the relevant regulatory bodies. The Bank also has a Charter for the Board of Directors and rules of procedure that outline in detail the functions, powers and responsibilities of the Board of Directors, as well as charters for all Board committees, which are consistent with the relevant regulations. The meetings of the Board of Directors and Board committees are held in accordance with the regulations in force.

In compliance with the Corporate Governance Regulations of 2017 issued by the Securities Commission, the Corporate Governance Report highlighting the Bank's corporate governance practices and applications was approved. The said report covers the following data:

- Names of present and resigned Board Members during the year and names of the representatives of corporate members of the Board, with confirmation that all Board members of the Bank are nonexecutives:

1. Mr. Michael Faiq Ibrahim Sayegh, Chairman (Non-Independent)
2. HE Mr. Ayman Haza' Barakat Al-Majali, Vice Chairman (Non-Independent)
3. Mr. Shareef Tawfiq Hamad Al-Rawashdeh, Board Member (Non-Independent)
4. The Social Security Corporation (first seat)/ Member of the Board of Directors, represented by:
 - a. Ms. Areej Suleiman Khaled Obaidat from 12/06/2019 until 08/09/2020 (Non-Independent)
 - b. Mr. Rami Adam Anaaz Titi Since 17/06/2020 until 7/09/2020 (Non-Independent)
 - c. Mr. Fadi Abdel Wahab Abdel Fattah Abu Ghosh, as of 08/09/2020 (Non-Independent)
5. The Social Security Corporation (second seat)/ Member of the Board of Directors, represented by:
 - a. Mr. Munis Omar Salim Abdel-Aal (Non-Independent)
6. First Jordan Investment Company / Member of the Board of Directors, represented by:
 - a. Mr. Saleh Muhammad Saleh "Zaid Al-Kilani" (Non-Independent)
7. National Paints Factories Co. Ltd/ Member of the Board of Directors until 09/07/2020, represented by:
 - a. Mr. Abdelnour Nayef Abdelnour Abdelnour until 09/07/2020 (Non-Independent)
8. Mr. Abdelnour Nayef Abdelnour Abdelnour as of 09/07/2020, in his personal capacity (Non-Independent)
9. Ms. Iman Mahmoud Allan Al-Damen / Member of the Board of Directors until 09/07/2020 (Independent)
10. Mr. Yazeed Shamseddin «Mohammad Yousef» Al-Khalidi / Member of the Board of Directors until 09/07/2020 (Independent)
11. HE Mr. Muhannad Shehadeh Khalil Khalil, Board Member (Independent)
12. Mr. Osama Omar Ali Hamad, Board Member (Independent)
13. Dr. Henry Tawfiq Ibrahim Azzam/ Member of the Board of Directors as of 09/07/2020 (Independent)
14. Eng. Nasser Hussein Mohammad Saleh/ Member of the Board of Directors as of 09/07/2020 (Independent)

Titles and Names of Members of Senior Executive Management

| Members of the Senior Executive Management | |
|--|---|
| Name | Title |
| Caesar Hani Aziz Qulajen | Chief Executive Officer (CEO) |
| Alaa "Muhammad Salim" Abdulghani Qahef | Deputy CEO - Chief Operating Officer |
| Rami "Mohammad Jawad" Fuad Hadid | Deputy CEO - Chief Business Officer |
| Mohammad Ali Mohammad Al-Quraan | AGM Credit |
| Salim Nayef Salim Sawalha | AGM, Retail Banking and Branches |
| Abdallah Mahfouz Theodore Kishkek | AGM Finance |
| Wael "Mohammad Yousef" Aref Rabieh | AGM, Corporate Banking |
| Anas Maher Radhi Ayesh | Executive Manager, Treasury and Investment |
| Mounir "Muhammad Gomaa" Ahmad Muhtasib* | Executive Manager, IT Department |
| Sami Nimr Salim Al-Nabulsi* | Executive Manager, Financial Institutions Department (as of 01/06/2020) |
| Walid Khaled DeifAllah Al-Qhewi | Manger of Legal Department/BOD Secretary |
| Alaa Saber Ahmad Shobaki* | Manager of Credit Processing and Debt Recovery Department (as of 02/02/2020) |
| Zaher "Mohamed Farouk" Deeb Muala | Regional Manager of Palestine Branches until 30/6/2020 (The Bank's branches were acquired in Palestine by the National Bank after obtaining the approval of the Central Bank according to Letter No. (5138/2/10) dated (05/05/2020) |
| Ameed Naim Abdel Fattah Al-Batran | Manager of Central Operations Department (until 31/05/2020) |
| Waheed Darwish Muhareb Haymour* | Manager, Credit & Collection Department (until 31/01/2020) |

| Heads of Regulatory Departments | |
|----------------------------------|--------------------------------------|
| Name | Title |
| Mahmoud Ibrahim Mahmoud Mahmoud | Manager, Compliance & AML Department |
| Ajoud Sharaf Al-Din Ali AlRousan | General Auditor |
| Director of Risk Department* | Vacant |

*Non-Senior Executive Management members

- Memberships held by any Board member in public shareholding companies:

Mr. Michael Faiq Ibrahim Sayegh/ Chairman

Date of Membership: 16/02/2004

- Chairman, Dimensions Jordan & Emirates Commercial Investments Corp.
- Board Member, First Jordan Investment Co.

HE Mr. Ayman Haza' Barakat Al-Majali, Vice Chairman

Date of Membership: 16/02/2004

- Chairman, First Jordan Investment Co.
- Chairman, Al Quds Ready Mix Concrete Company
- Vice Chairman, Solidarity - First Insurance Company

Mr. Shareef Tawfiq Hamad Al-Rawashdeh, Board Member

Date of Membership: 28/06/2012

- Chairman, National Chlorine Industries Company Ltd. effective 04/2016 until 01/07/2020
- Board Member, Arab Aluminum Industry Co. LTD (ARAL) effective 30/04/2017 to date
- Board Member, Arab Jordanian Insurance Group Company, effective 29/07/2020
- Board Member of Al-Bilad for Securities and Investment, effective 01/04/2019.

Ms. Iman Mahmoud Allan Al-Damen, Board Member

Date of Membership: 25/10/2015 until 09/07/2020

N/A.

Mr. Yazeed Shamseddin «Mohammad Yousef» Al-Khalidi, Board Member

Date of Membership: 25/10/2015 until 09/07/2020

- Board Member, Solidarity - First Insurance Company

Mr. Osama Omar Ali Hamad, Board Member

Date of Membership: 11/06/2019

N/A.

HE Mr. Muhannad Shehadeh Khalil Khalil, Board Member

Date of Membership: 22/12/2019.

N/A.

Dr. Henry Tawfiq Ibrahim Azzam, Board Member

Date of Membership: 09/07/2020

N/A.

Eng. Nasser Hussein Mohammad Saleh/ Board Member

Date of Membership: 09/07/2020

N/A.

Mr. Abdelnour Nayef Abdelnour Abdelnour/ Board Member

Date of Membership: 09/07/2020

- Board Member, Dimensions Jordan & Emirates Commercial Investments Corp
- Board Member, First Jordan Investment Company / Jordan

- The Bank's Governance Liaison Officer:

Mr. Mahmoud Ibrahim Mahmoud Mahmoud / Compliance & AML Manager. His duties involve following up on the implementation of corporate governance with the Jordan Securities Commission.

- Names of Board Committees, Number of Board Committee Meetings During the Year, and Each Member's Attendance Record Until 31/12/2020:

| | Name of Committee | Number of Meetings | Members | Attendance | Excused Absence |
|--|-----------------------------|--------------------|--|-----------------------|-----------------|
| 1 | Credit Facilities Committee | 6 meetings | Michael Sayegh Committee Chairman | Attended all meetings | - |
| | | | Ayman Majali Member of the committee as of 13/07/2020 | Attended 4 meetings | - |
| | | | First Jordan Investment Company It is represented by Saleh Al Kilani Committee member | Attended all meetings | - |
| | | | Mr. Osama Hamad Committee Member | Attended all meetings | - |
| | | | Representative of National Paints Factories Co. Ltd Represented by: Abdelnour Abdelnour Board Member until 09/07/2020 | Attended 1 meeting | 1 meeting |
| | | | Abdelnour Abdelnour Member of the committee in his personal capacity as of 13/07/2020 | Attended 4 meetings | - |
| | | | Social Security Corporation Represented by: Ms. Areej Obaidat Member as of 12/06/2019 until 17/06/2020 | Attended 2 meetings | - |
| | | | Ramy Titi Committee member From 17/06/2020 until 07/09/2020 | Attended 1 meeting | - |
| Fadi Abu Ghosh Committee member As of 08/09/2020 | Attended 3 meetings | - | | | |

| | Name of Committee | Number of Meetings | Members | Attendance | Excused Absence |
|---|-----------------------------|--------------------|---|---------------------|-----------------|
| 2 | Risk & Compliance Committee | 5 meetings | Sharif Al-Rawashda Committee president As of 13/07/2020 | Attended 2 meetings | - |
| | | | Iman Al-Damen Committee Chairperson until 09/07/2020 | Attended 3 meetings | - |
| | | | First Jordan Investment Co. Represented by: Saleh Al Kilani Member | Attended 4 meetings | 1 meeting |
| | | | Henry Azzam Board Member AS of 13/07/2020 | Attended 2 meetings | - |
| | | | Social Security Corporation (1st Seat) Member, represented by: Ms. Areej Obaidat (as of 12/06/2019) until 17/06/2020 | Attended 2 meetings | 1 meeting |
| | | | Ramy Titi Committee member From 17/06/2020 until 07/09/2020 | Attended 1 meeting | - |
| | | | Fadi Abu Ghosh As of 08/09/2020 | Attended 1 meeting | - |
| | | | Social Security Corporation (2nd Seat) Member, represented by: Mr. Mo'nes Abdel-Aal (as of 13/07/2020) | Attended 3 meetings | - |

| | Name of Committee | Number of Meetings | Members | Attendance | Excused Absence |
|---|--|--------------------|---|-----------------------|-----------------|
| 3 | Debt and Property Settlement Committee | 4 meetings | Ayman Al-Majali Committee Chairman | Attended all meetings | - |
| | | | Sharif Al-Rawashdeh Member | Attended all meetings | - |
| | | | National Paints Factories Co. Ltd. represented by Mr. Abdelnour Abdelnour Member until 09/07/2020 | Attended 2 meetings | - |
| | | | Abdelnour Abdelnour Member of the committee in his personal capacity as of 13/07/2020 | Attended 2 meetings | - |
| | | | First Jordan Investment Company It is represented Saleh Al Kilani Committee member As of 13/07/2020 | Attended 2 meetings | - |
| | | | Social Security Corporation (second seat) Mo'nes Abdel Aal Member of the committee until 13/07/2020 | Attended 2 meetings | - |

| | Name of Committee | Number of Meetings | Members | Attendance | Excused Absence |
|---|------------------------------|--------------------|--|---------------------|-----------------|
| 4 | Strategic Planning Committee | 3 meetings | National Paints Factories Co. Ltd Represented by: Abdelnour Abdelnour Committee Chairman until 09/07/2020 | Attended 1 meeting | - |
| | | | Abdelnour Abdelnour Chairman of the Committee in his personal capacity As of 13/07/2020 | Attended 2 meetings | - |
| | | | First Jordan Investment Company It is represented Saleh Al Kilani Committee member | Attended 3 meetings | - |
| | | | Yazeed Al-Khalidi Member of Committee Until 09/07/2020 | Attended 1 meeting | - |
| | | | Social Security Corporation (first seat) represented by: - Areej Obaidat From 12/06/2019 until 17/06/2020 | Attended 1 meeting | - |
| | | | Ramy Titi Considering the members of the committee as of 17/06/2020 Until 07/09/2020 | Attended 1 meeting | - |
| | | | Fadi Abu Ghosh As of 08/09/2020 | Attended 1 meeting | - |
| | | | Muhannad Shehadeh Committee member As of 13/07/2020 | Attended 2 meetings | - |
| | | | Nasser Saleh Member of the committee as of 13/07/2020 | Attended 1 meeting | 1 meeting |
| Henry Azzam Member of the committee as of 05/08/2020 | Attended 2 meetings | - | | | |

| | Name of Committee | Number of Meetings | Members | Attendance | Excused Absence |
|---|-------------------|--------------------|---|-----------------------|-----------------|
| 5 | Audit Committee | 8 meetings | Muhannad Shehadeh Committee Chairman As of 13/07/2020 | Attended 6 meetings | - |
| | | | Muhannad Shehadeh Committee member as of 26/02/2020 until 13/07/2020 Sharif Al-Rawashda Committee member As of 26/02/2020 | Attended all meetings | - |
| | | | Sharif Al-Rawashda Committee Chairman Until 26/02/2020 Yazeed Al-Khalidi Chairman of the committee as of the date 26/02/2020 until 09/07/2020 | Attended 4 meetings | - |
| | | | Yazeed Al-Khalidi Committee member Until 26/02/2020 | Attended 2 meetings | - |
| | | | Ayman Majali Committee member Until 26/02/2020 | Attended 4 meetings | - |
| | | | Iman Al-Damen Committee member Until 09/07/2020 | Attended all meetings | - |
| | | | Social Security Corporation (second seat) member of the committee represented by: Mo'nes Abdel Aal | Attended 4 meetings | - |
| | | | Nasser Saleh Committee member As of 13/07/2020 | Attended 4 meetings | - |
| | | | Henry Azzam Committee member As of 13/07/2020 | Attended 4 meetings | - |

| | Name of Committee | Number of Meetings | Members | Attendance | Excused Absence |
|---|--------------------------------|--------------------|---|---------------------|-----------------|
| 6 | Corporate Governance Committee | 2 meetings | Osama Hamad Committee president | Attended 2 meetings | - |
| | | | Michel Sayegh Committee member | Attended 2 meetings | - |
| | | | Muhannad Shehadeh Committee member As of 13/07/2020 | Attended 2 meetings | - |
| | | | Nasser Saleh As of 13/07/2020 | Attended 2 meetings | - |
| | | | Yazeed Al-Khalidi Committee member Until 09/07/2020 | - | - |
| | | | Iman Al-Damen Committee member Until 09/07/2020 | - | - |

| | Name of Committee | Number of Meetings | Members | Attendance | Excused Absence |
|--|--|--------------------|---|-----------------------|-----------------|
| 7 | Nominations and Remuneration Committee | 7 meetings | Henry Azzam Committee president As of 13/07/2020 | Attended 4 meetings | - |
| | | | Muhannad Shehadeh Committee president As of 26/02/2020 until 13/07/2020 | | |
| | | | Muhannad Shehadeh Committee member As of 13/07/2020 | Attended 6 meetings | - |
| | | | Yazeed Al-Khalidi Committee president As of 26/02/2020 until 09/07/2020 | Attended 3 meetings | - |
| | | | Yazeed Al-Khalidi Member of the committee until 09/07/2020 | | |
| | | | Michel Sayegh Committee member | Attended all meetings | - |
| | | | Osama Hamad Committee member | Attended 6 meetings | 1 meeting |
| | | | Social Security Corporation (second seat) Mr. Mo'nes Abdel Aal Member of the committee as of 13/07/2020 | Attended 4 meetings | - |
| | | | First Jordan Investment Company It is represented Saleh Al Kilani Committee member Until 13/07/2020 | Attended 3 meetings | - |
| Sharif Al-Rawashda Committee member Until 26/02/2020 | Attended 1 meeting | - | | | |

| | Name of Committee | Number of Meetings | Members | Attendance | Excused Absence |
|---|-------------------------|--------------------|--|-----------------------|-----------------|
| 8 | IT Governance Committee | 4 meetings | Nasser Saleh Head of the committee as of 13/07/2020 | Attended all meetings | - |
| | | | National Paints Factories Co. Ltd. It is represented by Abdelour Abdelnour Committee president Until 09/07/2020 | Attended all meetings | - |
| | | | Abdelour Abdelnour Member of the committee in his personal capacity as of 13/07/2020 | | |
| | | | Sharif Al-Rawashda Committee member | Attended all meetings | - |
| | | | Iman Al-Damen Committee Member until 09/07/2020 | - | - |

Names of the Chairman and members of the Audit Committee along with a profile of their qualifications and expertise in relation to financial or accounting matters:

Mr. Muhannad Shehadeh Khalil Khalil/ chairman of the Audit Committee as of 13/07/2020

- Received his MBA from «Lincoln University», USA.
- Received his BSc in Computer Science from «Lincoln University», USA.

Practical Experience:

- Held the position of Chairman of the Government Investment Board (part-time).
- Head of the Investment and Business Development Department - Office of His Majesty King Abdullah II.
- He held the position of Minister of State for Investment Affairs (Chairman of the Investment Authority) and a member of the government economic team.
- He held the position of General Manager of the American Life Insurance Company for its Jordan and Palestine branches.
- Served as Senior Manager, Personal Financial Services and Wealth Management - HSBC Bank of Jordan.
- He held the position of Deputy General Manager of the Housing Bank for Trade and Finance.
- Served as Chief Executive Officer of the Military Trust.
- Served as Vice Chairman of the Military Trust Fund.

He has 23 years of experience in financial and investment institutions in both the public and private sectors, combined with a group of leadership roles in Jordan, Lebanon, Egypt and Palestine.

Mr. Shareef Tawfiq Hamad Al-Rawashdeh/ member of the Audit Committee as of 26/02/2020

- Obtained a BA in Economics - Yarmouk University in 1986.
- Holds a J.I.O.D Certificate (JORDAN INSTITUTE OF DIRECTORS), a certified board member from the International Finance Corporation, International Monetary Fund.

Practical Experience:

- Mr. Sherif Al-Rawashdeh worked as an Internal Auditor at Jordan Kuwait Bank (1981-1987).
- He held the position of Loan Manager at Mashreq Bank - United Arab Emirates (1987-1988).
- He also worked as Head of the Retail Banking and Private Services Group and Manager of the Head Office of The Saudi Investment Bank - Riyadh / Saudi Arabia from 1988 until 2010.
- Former member of the 16th Jordanian Parliament / Member of the Health and Environment Committee and the Energy Committee (2010-2011).

Dr. Henry Tawfiq Ibrahim Azzam/ member of the Audit Committee as of 13/07/2020

- Henry Azzam is currently a Professor of Finance and Director of the Master's Program in Finance, Olayan College of Business Administration (OSB, American University of Beirut). He joined OSB College in January 2014.
- He holds a Ph.D. in Economics from the University of Southern California, Los Angeles in 1977.
- Holds a Master's in Economics and Finance from the American University of Beirut in 1972.
- Obtained a BA in Economics and Finance from the American University of Beirut in 1970.

Practical Experience:

- Henry Azzam held the position of Chairman and CEO of the Jordan Social Security Investment Fund from 08/2012 to 09/2013.
- He held the position of CEO of Deutsche Bank for the Middle East and North Africa from 05/2007 until 10/2010, where he supervised a team of 250 employees working in the bank's branches in Dubai, Abu Dhabi, Riyadh, Doha, Bahrain, Cairo and Algeria.
- He also held the position of Chairman of the Board of Deutsche Bank for the Middle East and North Africa until 31/07/2012.
- Founded "Amwal Invest" and served as its CEO during the period of 2005-2006.
- He held the position of CEO of Gordinvest Company from 2001-2004.
- He held the position of Chairman of the Board of the Dubai International Stock Exchange during the period of 2001-2004.
- Henry Azzam was the Managing Director of the Middle East Investment Group, Oman during the period of 1998-2001.
- He held the position of Deputy General Manager of «The National Commercial Bank» in Saudi Arabia during the period of 1990-1998.
- Served as Assistant General Manager and Chief Economist at the Saudi National Commercial Bank, Jeddah, Kingdom of Saudi Arabia from 1990-1998.
- He held the position of Vice President and Chief Economist at the Gulf International Bank, Bahrain from 1983-1990.
- He held the position of Board Member at the Arab Jordan Investment Bank as an independent member in 2017.
- He was an independent Board Member of Iqbal Investment Company in 2018.

Eng Nasser Hussein Muhammad Saleh / member of the Audit Committee as of 13/07/2020

- He holds a BA in Electrical Engineering from the University of Jordan - Amman 1995.
- Received the Order of Independence Medal from His Majesty King Abdullah II in 2017.
- Received the Sheikh Mohammed bin Rashid Award for the Best Service Project in the Arab World, Dubai 2018.
- He was selected as a pioneer in the American Organization Endeavor 2014.
- Member of the American Entrepreneur Organization (EO) in Jordan.
- Won the 2013 Leader of the Year from E&Y Company.
- Recipient of the Queen Rania Prize for Entrepreneurship, Amman 2012.

Practical Experience:

- He currently works as the Chairman of the Board of Madfoatcom for electronic payment.
- He is currently the Chairman of the British Technology Board to develop expertise in payment solutions and cybersecurity.
- Held several positions as Executive Vice President, Chief Information Officer and consultant in several Arab and foreign companies and banks (Accenture, Microsoft, eDATA, AlRajhi Bank, USAID...).

Mr. Mo'nes Omar Salim Abdel Aal / member of the Audit Committee Representative of The Social Security Corporation (second seat)

- Obtained a BA in Accounting from Yarmouk University in 2004.
- Holds a Certified Management Accountant (CMA) certificate from the Institute of Management Accountants (IMA) in 2014.
- Holds a Certified Public Accountant (CPA) certificate from the American Institute of Certified Public Accountant (AICPA) in 2018.
- Holds a Diploma in International Financial Reporting Standards (DiplFR) from the Association of Chartered Certified Accountants (ACCA) in 2019.

Practical Experience:

- Head of the Corporate Affairs Department from 01/07/2020 until now.
- Head of the Investment Risks Department in the Investment Fund from January 2019 to 30/06/2020.

- Head of the Settlements Department and Deputy Financial Director at the Social Security Investment Fund from 05/2006 to 31/12/2018.
- Former Board Member at Bank Al Etihad for the period from 11/2017 to 11/2019.
- Former Board Member of the Jordanian Company for Press and Publication - Al-Dustour for the period from 04/2017 to 11/2017.
- Part-time Lecturer at Morgan International Center, Amman.

HE Mr. Ayman Haza' Barakat Al-Majali/ Member of the Audit Committee until 26/02/2020

- Bachelor's degree in History in 1972.

Practical Experience:

- He worked in the Ministry of Foreign Affairs, and in 1993 he was appointed Chief of Royal Protocols.
- In 1999, he was appointed as Deputy Prime Minister, as well as the Minister of Youth and Sports and then Minister of Information.
- In 2002, he became a board member of the Jordan Gulf Bank and was re-elected in 2004 as Vice Chairman of the Board of Jordan Commercial Bank.
- In 2020, he was elected as a member in the House of Representatives of Jordan.

Mrs. Iman Mahmoud Allan Al-Damen/ Member of the Audit Committee until 09/07/2020

- She obtained a Master's in Financial Business Administration from the University of Jordan in 1992
- Holds a Certified Board Member certificate from J.I.O.D (JORDAN INSTITUTE OF DIRECTORS).
- She obtained a BA in Business Administration from Kuwait University in 1979
- She obtained a Diploma in Business Administration from the University of Manchester / Britain in 1990.
- She has profound professional banking experience of more than eighteen years, especially in the field of corporate credit and small and medium enterprises, and in risk management.

Practical Experience:

- She held several leadership positions in the banking sector.
- She held the position of Head of Risk and Credit Department at Capital Bank for the period from 12/2007 - 12/2011.
- She held the position of Assistant General Manager of Cairo Amman Bank Facilities for the period from 12/2003- 2007.
- She was the Facilities Manager at Jordan Gulf Bank from 1998-2003.
- She was the Director of the Facilities Department at Bank of Jordan from 1993-1998.
- She gained professional excellence in the process of guarantor due to her belief in the importance of the role of women in society and their active participation in sustainable economic development.
- She joined a number of civil and community organizations, including the Supreme Council of the Jordanian National Women's Committee, which was chaired by Her Highness
- She is a member of the MENA-OECD Program for Competitiveness / Women's Economic Empowerment Issues.
- She is the President of the Women's Association in Decision Making Positions - Jordan since its establishment in 2018.

Mr. Yazeed Shams Al-Din "Muhammad Yusuf" Al-Khalidi / Chairman of the Audit Committee until 09/07/2020

- Obtained a MBA in Finance from New York University of Technology in 2004.
- Obtained a BA in Economics, Statistical Analysis, and Business Administration from the University of Jordan in 1988.
- He also holds J.I.O.D (JORDAN INSTITUTE OF DIRECTORS) Certified Board Member Certified by the International Finance Corporation, International Monetary Fund.

Practical Experience:

- He worked in several fields, including financial auditing and management consulting, in addition to financial management and investment fund management in several regional and local companies.
- He has served as Chief Financial Officer of Pharmacy One Group
- He held the Chief Operating Officer position of Euro Mena Management UK Ltd., a Cairo-based fund manager.
- He was the Chief Financial Officer of Empire Holding, a real estate development company.
- He was the Vice President of Finance at IGI Reinsurance Company.
- He was the Accounting Director for EDGO Group, which works in the fields of energy, contracting and oilfield services.
- He began his career in auditing and management consulting at the offices of Arthur Andersen International Company in Amman in 1991.

Names of Chairpersons and Members of Board Committees:

| | | | | | | | | | |
|---|-----------------------------|-----------------------------|--|------------------------------|--------------------|--------------------------------|--|--|--------------------|
| Osama Hamad | Member | | | | | | Committee Chairman | Member | |
| Muhannad Shehadeh | | | | Member | Committee Chairman | Member | Member | Member | |
| Nasser Saleh | | | | Member | Member | Member | | | Committee Chairman |
| Henry Azzan | | Member | | Member | Member | | | Committee Chairman | |
| Social Security Corporation (2nd Seat) represented by Mr. Munis Abdal Aal | | | | | Member | | | Member | |
| Social Security Corporation (1st Seat) represented by Mr. Fadi Abu Ghosh | Member | Member | | Member | | | | | |
| First Jordan Investment Co. represented by Mr. Saleh Al-Kilani | Member | Member | Member | Member | | | | | |
| Abdelnour Abdelnour | Member | | Member | Committee Chairman | | | | | Member |
| Sharif Al-Rawashdeh | | Committee Chairman | Member | | Member | | | | Member |
| Ayman Al-Majali | Member | | Committee Chairman | | | | | | |
| Micheal Sayegh | Committee Chairman | | | | | Member | | Member | |
| | Credit Facilities Committee | Risk & Compliance Committee | Debt and Property Settlement Committee | Strategic Planning Committee | Audit Committee | Corporate Governance Committee | Nominations and Remuneration Committee | IT Governance Committee as of 27/11/2016 | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | |

- The number of Meetings held by the Audit Committee with the External Auditor during the year (5) meetings.**- The number of Board Meetings during the year and each member's times of attendance:**

During the year 2020, the Board of Directors of Jordan Commercial Bank held twelve (12) meetings.

| | Name | Attendance | Excused Absence |
|----|--|-------------|-----------------|
| 1 | Mr. Micheal Sayegh Chairman of the Board | 12 meetings | - |
| 2 | HE Ayman Al-Majali Vice Chairman | 12 meetings | - |
| 3 | First Jordan Investment Co. Board Member, represented by: Mr. Saleh Al Kilani | 12 meetings | - |
| 4 | Mr. Osama Omar Ali Hamad Board Member | 12 meetings | - |
| 5 | Social Security Corporation (1st Seat) Board Member, represented by: Ms. Areej Suleiman Khaled Obaidat from 12/06/2019 until 08/09/2020 | 4 meetings | - |
| | Mr. Rami Adam Titi From 17/06/2020 until 07/09/2020 | 3 meetings | |
| | Mr. Fadi Abdul Wahab Abdul Fattah Abu Ghosh from 08/09/2020 | 5 meetings | |
| 6 | Social Security Corporation (2nd Seat) Board Member, represented by: Mr. Mo'nes Omar Abdel-Aal | 12 meetings | - |
| 7 | Mr. Sharif Al-Rawashdeh Board Member | 12 meetings | - |
| 8 | Dr. Henry Azzam Board Member from 09/07/2020 | 8 meetings | - |
| 9 | Mr. Nasser Saleh Board Member from 09/07/2020 | 8 meetings | - |
| 10 | National Paints Factories Co. Ltd. Mr. Abdelnour Abdelnour Board member until 09/07/2020 | 4 meetings | - |
| | Mr. Abdel Nour Abdel Nour Board Member in his personal capacity as of 09/07/2020 | 8 meetings | |
| 11 | Mr. Muhannad Shehadeh Khalil Khalil | 12 meetings | - |
| 12 | Mrs. Iman Al-Damen Board Member Until 09/07/2020 | 4 meetings | - |
| 13 | Mr. Yazeed Al-Khalidi Board Member Until 09/07/2020 | 4 meetings | - |

**Chairman of the Board
Micheal Sayegh**



The background is a light-colored, marbled surface with organic, wavy patterns in shades of white, cream, and light grey. Overlaid on the right side are several white geometric shapes and patterns, including a large square with a grid-like pattern, a triangle with diagonal lines, and various smaller squares and lines.

Branches and Offices

Solid Platform for Expansion

| Jordan Branches | | | | |
|-----------------|----------------------------|--|---------------|--------------|
| SN | Branch Name | Address | Telephone No. | Fax No. |
| 1 | Head Office | Al Bayader - King Abdullah II St. | 06 - 5203000 | 06 - 5664110 |
| 2 | Main Branch | Al Bayader - King Abdullah II St. | 06 - 5209000 | 06 - 5203086 |
| 3 | Shmeisani | Thaqafa St. – CSC Complex, Amman | 06 - 5209000 | 06 - 5621878 |
| 4 | Jabal Amman | Jabal Amman – Prince Muhammad St. | 06 -5209000 | 06 - 5621968 |
| 5 | Commercial Complex | Housing Bank Complex, Queen Nour St. | 06 - 5209000 | 06 - 5683657 |
| 6 | Jabal Al Hussein | Jabal Al Hussein – Jamal Addin Al afaghani St. | 06 - 5209000 | 06 - 5639519 |
| 7 | Abdali* | Abdali – King Hussein St. | 06 - 5209000 | 06 - 5661484 |
| 8 | Mecca St. | Um Al Sumaq – Mecca St. | 06 - 5209000 | 06 - 5821811 |
| 9 | Amman | Downtown – King Hussein St. | 06 - 5209000 | 06-4638154 |
| 10 | Al Yarmouk | Amman - Al Yarmouk St. | 06 - 5209000 | 06 - 4778685 |
| 11 | Al Quwaysimah | Amman – Madaba St. | 06 - 5209000 | 06 - 4784692 |
| 12 | Marka | Marka – King Abdullah I St. | 06 - 5209000 | 06 - 4883665 |
| 13 | Abu Nseir | Abu Nseir - Main St. | 06 - 5209000 | 06 - 5233379 |
| 14 | Sweileh | Sweileh – Yajouz St. | 06 - 5209000 | 06 - 5356890 |
| 15 | Fuhais | Fuhais - Al Hejaz St. | 06 - 5209000 | 06 - 4720520 |
| 16 | Wasfi Al Tal | Amman - Wasfi Al Tal St. – Abraj Al Mihania complex | 06-5209000 | 06 - 5525676 |
| 17 | Suwaifeya | Amman - Galleria Mall – Abdulraheem Hajj Muhammad St. | 06 - 5209000 | 06 - 4017608 |
| 18 | Al-Hashmi Al-Shamali | Amman - Al Bathaa St. | 06 - 5209000 | 06 -5203177 |
| 19 | Zarqa | Zarqa – Al Saadeh St. | 06 - 5209000 | 05 - 3993290 |
| 20 | Madaba | Madaba – King Abdullah II St. | 06 - 5209000 | 05 - 3246931 |
| 21 | Karak | Karak – Amman Main St., Al Thinyah | 06 - 5209000 | 03 - 2386967 |
| 22 | Aqaba | Eastern Wehdat – Bin Rushd St. | 06 - 5209000 | 03 - 2014166 |
| 23 | Al Salt | Al Salt – Maidan St. | 06 - 5209000 | 05 - 3551561 |
| 24 | Muadi | Al Ghour - Der Ala – Main St. | 06-5209000 | 05 - 3571761 |
| 25 | Irbid | Ibrid – Baghdad St. Al Qairawan Circle | 06 - 5209000 | 02 - 7259407 |
| 26 | Al Husn St. | Irbid – Al Husn St. | 06 - 5209000 | 02 - 7100477 |
| 27 | Irbid Office** | Irbid – Cinema St. | 06 - 5209000 | 02 - 7247087 |
| 28 | Ramtha | Ramtha – Municipality Building, Al-Wihda Al-Arabiyya St. | 06 - 5209000 | 02 - 7381857 |
| 29 | Mafraq | Mafraq – East Mafraq, Dr. Khaled Abu Smaqah St. | 06 - 5209000 | 02 - 6236679 |
| 30 | Yajouz | Zarqa - Northern Mountain - King Abdullah II St. | 06 - 5209000 | 05 - 3751677 |
| 31 | Dahiyat al Yasmeen | Amman - Dahiyat al Yasmeen, Prince Hashim bin Al Hussein St. | 06 - 5209000 | 06 - 4393956 |
| 32 | Express Dahiyat Al Nakheel | Amman - Dahiyat Al Nakheel, Ali Salem Al Haiwat St. | 06 - 5209000 | 06 - 5712596 |
| 33 | Sports City | Amman - Sports City, Al-Shaheed St. | 06 - 5209000 | 06 - 5154170 |
| 34 | Um Uthaina | Amman - Mecca St., Al Thawabet Building | 06 - 5209000 | 06 - 5527439 |
| 35 | Express Abu Sous | Amman – Wadi Seir – Abu Al Sous – Al Sana’a St. | 06 - 5209000 | 06 - 5811231 |

* The Abdali branch was closed and merged with the Jabal Al-Hussein branch on 09/18/2020.

** The Irbid office was closed and merged with the Irbid branch, Baghdad Street, on 11/20/2020.

