البنك التجاري الأردني
Jordan Commercial Bank

# 2021

# Annual Report

# Annual Report

For the Year Ended December 31st, 2021

His Majesty
**King Abdullah II bin Al-Hussein**

HRH Crown Prince
**Al-Hussein bin Abdullah II**

# Table of Contents


| | |
|---|---|
| Mission Statement | 9 |
| Members of the Board of Directors | 10 -14 |
| First: Chairman’s Message | 16-20 |
| Second: Board of Directors Report | 23-54 |
| Third: Audited Annual Financial Statements | 64-150 |
| Fourth: Independent Auditor’s Report | 151-158 |
| Fifth: Corporate Governance Manual | 159-206 |
| Sixth: Branches and Offices | 232 |

# 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)

**HE Mr. Ayman Haza' Barakat Al-Majali**
Vice Chairman (Non-Independent)

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

**The Social Security Corporation (first seat)/ Member of the Board of Directors, represented by:**

**Mr. Fadi Abdel Wahab Abdel Fattah Abu Ghosh**
(Non-Independent)

**The Social Security Corporation (second seat)/ Member of the Board of Directors, represented by:**

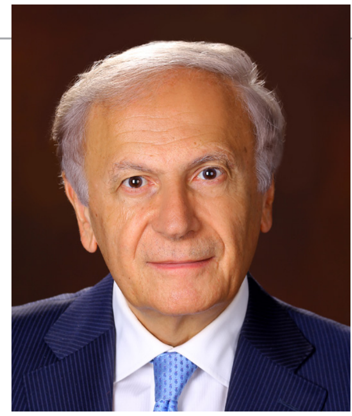
**Mr. Munis Omar Salim Abdel-Aal**
(Non-Independent)

**First Jordan Investment Company / Member of the Board of Directors, represented by:**

**Mr. Saleh Muhammad Saleh "Zaid Al-Kilani"**
(Non-Independent)

# Members of the Board of Directors

**Mr. Abdelnour Nayef Abdelnour Abdelnour**
(Non-Independent)



**Dr. Henry Tawfiq Ibrahim Azzam**
Member of the Board of Directors (Independent)

**HE Mr. Muhannad Shehadeh Khalil Khalil**
Board Member (Independent)
(Resigned in 2022/01/15)

**Eng. Nasser Hussein Mohammad Saleh**
Member of the Board of Directors (Independent)

**Mr. Osama Omar Ali Hamad, Board Member**
(Independent)

# Chairman's Message

# Chairman's Message

**Dear Shareholders of Commercial Bank,**

**I am pleased to share with you Jordan Commercial Bank's eighteenth annual report for the year 2021, which witnessed many changes, developments, and achievements at the Bank level, the banking sector, and the economy as a whole, despite the continuing effects on both economic growth and various aspects of daily life nearly two years after the start of the Corona pandemic.**

The pandemic's effects were felt all over the world, affecting various aspects of life, forcing governments and central banks to take extraordinary measures to contain the outbreak and alleviate the economic and social effects on individuals and society as a whole. The goal was to provide appropriate health care to those who had been most affected by the pandemic while also protecting the economy and financial markets from stagnation and collapse. Despite the necessity of these measures, they had some unintended consequences, such as border closures and tightening of travel procedures. Despite the eventual easing of some of these measures sometime after the start of the pandemic, the smoothness and movement of economic activity was hampered by the strict measures implemented in everyday life and in the business environment.

Because of the country's chronic public finance deficit, current account deficit, and trade balance, as well as its high unemployment rate and slow GDP growth, the negative effects in Jordan were particularly severe in multiple ways. However, thanks to God, many things have improved, some sectors have recovered, and life has returned to normal in many ways since the pandemic. Despite some of the long-term negative effects, and in addition to government measures and procedures, there has been an improvement in the situation. Individuals, society, and health authorities have become more aware of and are better prepared to deal with the current outbreak and prevent it from spreading by taking preventive and precautionary measures, which have been mandated by the Central Bank. This is also due to the availability of the Covid-19 vaccine and mandating vaccination to all workers in the various economic sectors, education (students and staff), and health sectors as well as any individual that wants to enter a public, government or private institute or establishment.

One of the positive effects of the spread of the epidemic was that individuals and companies began to use electronic (on-line) methods of communication and work, and companies and encouraged their customers and employees to do the same, along with the spread of on-line commerce and education activities. The pandemic has contributed to accelerating the pace of digital transformation by increasing the use of smart applications and social networking sites. This was evident in the massive increase in the profits and market values for the year 2021 achieved by international software and technology companies that deal with smart applications.

Many sectors of the economy experienced an uptick in economic activity in 2021, as previously noted, but certain ones, like tourism and transportation, are still feeling the effects of the pandemic and the procedures that were in place during that year, as well as changes in individual habits and behaviours. Despite the banking sector's improved results for the year 2021, some decisions taken at the beginning of the pandemic, such as maintaining low interest rates on facilities, postponing installments, and continuing to work with binding health measures, still affect it and its results, in addition to other decisions such as reducing interest rates. Delaying payments and lowering the cash reserve rate on deposits eased the burden on borrowers while providing additional liquidity for banks. Keeping customers, employees, and their families safe from the pandemic was an important part of helping it spread as slowly as possible.

In turn, Jordan Commercial Bank's results for the year 2021 improved, particularly in terms of facilities and net profits. The total number of facilities grew by 8.9% at the end of the year 2021 compared to the end of the year 2020, In terms of net profit, it grew for the year 2021 from the year 2020 at a high rate and reach's around 7 million dinars. In terms of customer deposits, the bank grew at a 3.6% at the end of 2021 compared to 2020.

Our facilities grew at a faster rate than the banking sector (where banking facilities grew by 4.9 percent for the year 2021 compared to the year 2020), resulting in an increase in our market share in facilities to 2.87 percent at the end of the year 2021 compared to 2.76 percent for the year 2020, while our share of deposits fell. As a result of our deposits' low growth rate compared to the banking sector's growth rate (the banking sector's growth rate reached 7.4% at the end of 2021), we increased our deposit growth rate from 2.54 percent in 2020 to 2.45 percent in 2021).

It's worth noting that, despite the fact that our deposits grew at lower rates than the banking sector in 2021, this was in long-term deposits (which have a high cost), as these deposits grew at lower rates than low-cost accounts (current account and savings), increasing the contribution of low-cost deposits to the deposit composition in exchange for a decrease in the contribution of term deposits.

Shareholders' equity grew at a faster rate in 2021 than in 2020 and 2019, with a growth rate of 5.5 percent compared to 0.2 percent and 3.8 percent in 2020 and 2019, respectively, and the improvement in Shareholders' equity growth rates is a natural result of improved bank profits.

**Dear shareholders,**

The achieved financial results, which were superior in several ways to previous years and to the rest of the banking sector, as well as the goals established at the start of the year 2021, are only a reflection of the bank's plans and actions carried out during the year 2021, the most notable of which are as follows:

**Expansion/ Foot-print Reach:**

The bank continued its planned expansion into new regions throughout the Kingdom. In 2021, four new branches were opened three of which were Express branches in the areas (Abdali, Al hay Al Sharqi / Irbid, and Tabarbour), In addition to a branch in Marj Al-Hamam, - the Express branches provide services exclusively to individual clients and operate on a flexible schedule (which results in lower establishment and operating costs than the regular branches) - This expansion was accompanied by the bank's focus on the quality of clients and the quality of services provided to them (especially electronic services).

Along with opening new branches, existing branches are being relocated to better, more convenient, and more appropriate locations to serve customers, and in 2021, the Qweismeh branch was relocated to its new location (with plans to move other branches in the coming years). Additionally, to improve the quality of services provided to customers and to allow the bank to rationalize operating expenses without compromising customer service, two branches, Amman and Abu Nseir, were merged with the Jabal Amman and Jubaiha branches, respectively, and the two merged branches were closed after their customers' accounts were transferred to the merged branches, and with the opening of the four previously described branches and the closure of the two merged branches the number of existing branches in the bank became 34 branches distributed over the various governorates in the kingdom.

In addition to branch expansion and spread, the bank installed three external ATMs in 2021, bringing the total number of external ATMs to 32, in addition to the 34 ATMs in the branches. These ATMs provide many banking services available to customers.

**Services offered to clients:**

The bank's attention is focused on and prioritized around the customer, who is seen as the most important pillar in the banking process and, as such, the provision of distinguished and advanced services that meet his needs and desires is a top priority. A variety of new customer products were introduced in this area in 2021, with a focus on electronic services and channels for their provision, including bank cards, as well as ATM services (which gained numerous features), all of which helped strengthen the bank's competitive position and also contributed to the increase in the growth of activities, and the increase in the number of customers with the bank.

The bank's most notable achievements in this field include a 5.3 percent increase in individual deposits, valued at 18 million dinars, and an 8.3 percent increase in savings account balances, valued at 17 million dinars, in addition to attracting 5,000 customers. In the field of electronic services and the promotion of digital transformation, the number of subscribers to the Tejari mobile application has increased by 69 percent, while the credit card account balances have increased by 26% percent.

To ensure that all customers have access to banking services in an appropriate manner, the bank has created special walkways in its branches for people with special needs, in accordance with Central Bank directives and in accordance with the bank's policy of providing banking services without discrimination.

With the objective of continuing to serve and communicate with customers in the best possible manner, and in light of the Central Bank's imposition of some preventive measures on banks at the start of 2021, including working with a minimum number of employees, the bank continued to activate and implement the business continuity plan, by working with the specified percentage of bank employees in the bank's buildings and branches. Additionally, as a precaution, the bank relocated employees who work in the same location to other sites designated for this purpose, ensuring that work does not cease at any site in the event of (Corona) cases at one of the locations.

**Internal business development:**

Despite adverse economic and banking market conditions, the Bank continued to develop its business and internal systems, with a particular emphasis on developing and modernizing the banking system, programs and systems that contribute to the provision of electronic services and the channels through which they are delivered to customers, supporting the endeavour of digital transformation, and implementing comprehensive automation across the bank's operations. As numerous systems, services, and businesses have been developed, supported, and implemented (whether by external companies and service providers or by bank employees), and in order to protect its customers and their data from theft and tampering, the bank placed a focus on cybersecurity and its enhancement, as well as its commitment to following supervisory authority instructions, such as the "Central Bank Instructions for the GDPR Customer Data Protection System." Additionally, the bank renewed its certificate of "Compliance with International

Card Security and Safety Standards PCI-DSS" in 2021, with the goal of providing its customers with the highest levels of protection and security when using credit cards.
The manuals and policies of work procedures and job descriptions were reviewed, job requirements were identified, and what was required of them were amended in order to maintain the Bank's business development and consistency with best banking practices. The Bank also reviewed and amended the Bank's organizational structures as well as a number of workstations (as necessary), and in a way that facilitates employee communication and contributes to providing the best possible service to customers.

**Control:**

When it comes to protecting its assets and those of its customers, as well as ensuring that it adheres to the requirements and instructions of regulatory authorities (internally and externally), and in light of the fact that there will always be risks involved in the banking industry, the bank made sure to devote resources to risk management, control, and oversight. All employees of the bank are involved in the risk, compliance, and internal audit processes, which are overseen by the relevant bank committees. These committees also coordinate and direct the departments' work.

**Human Resources:**

Even in the face of the Corona pandemic, the bank was able to continue recruiting new employees while adhering to the principle of entitlement and preference in promotions, as well as continuing to grant its employees many features and benefits. To deal with and mitigate the effects of an ongoing Corona pandemic, the bank implemented a number of measures aimed at protecting employees and their families from the spread of the virus. These measures included requiring employees to adhere to strict preventive and precautionary measures, enforcing physical distancing, sterilizing all bank buildings and facilities, and utilizing remote working procedures and dispersing staff. Once a vaccine was discovered, the bank made it a requirement for its employees to obtain it. All of this was done in accordance with guidelines approved by the Jordanian government and the Central, including offering it to employees and their families (for those who requested it but did not receive the vaccine).

**Dear Shareholders,**

The Bank's interest and focus on achieving positive results and operational and financial achievements that are consistent with its strategy, as well as the interests of shareholders and employees, did not prevent the Bank from paying attention to its role in serving the community and individuals as an integral part of this society, and the Bank was eager to support activities and initiatives that preserve the environment and provide protection to individuals.
Among the Bank's social responsibility activities are the distribution of charity parcels during Ramadan, the support, sponsorship, and adoption of numerous initiatives that care about the environment and seek to protect it, as well as the support and participation in a variety of cultural, social, and artistic activities and events, particularly in the field of health and how to deal with Corona epidemic (given the nature of the circumstance).
The bank also made numerous contributions to a variety of charitable, sporting, economic, and social institutions, bodies, and associations, as well as communicating and cooperating with various websites to enhance the bank's positive image and explain its role in community service, as well as the volume of donations provided by the bank to various community institutions and bodies exceeding other civil and local donations. In addition, by granting them 320 thousand dinars, they will be able to support and sponsor activities related to community service and the environment.

**Dear Shareholders,**

Before concluding, I want to express my heartfelt gratitude to everyone who helped us achieve these results, especially our valued customers, for their invaluable trust. To our Board of Directors' for their continuous support and to our employees in all positions, who worked together as a family to improve the bank's name and reputation, as well as their quest for the best results, and I would like to express my gratitude to the Jordanian Central Bank, Securities Commission, and Association of Banks, who did not hesitate to provide advice and guidance, as well as to harness their high expertise in the banking sector's service and development.

Finally, I pray to God Almighty that the coming years will be filled with success and prosperity for our beloved institution, that its ambitions and aspirations will be realized, and that our country will be blessed with goodness, safety, and stability under the watchful eye of His Majesty the King and our beloved Crown Prince.

Peace, mercy, and blessings of God

**Michael Sayegh**
Chairman of the Board of Directors



| Senior Executive Management | |
|---|---|
| Name | Title |
| Caesar Hani Aziz Qulajen | Chief Executive Officer (CEO) |
| Alaa "Muhammad Salim" Abdulghani Qahef | Deputy CEO |
| Mohammad Ali Mohammad Al-Quraan | AGM Credit |
| Salim Nayef Salim Sawalha | AGM, Retail Banking and Branches |
| Abdallah Mahfouz Theodore Kishek | Chief Financial Officer, AGM Finance |
| Wael "Mohammad Yousef" Aref Rabieh | AGM, Corporate Banking |
| Anas Maher Radhi Ayesh | Executive Manager, Treasury and Investment |
| Mounir "Muhammad Gomaa" Ahmad Muhtasib | Chief Information Officer (until 30/12/2021) |
| Sami Nimr Salim Al-Nabulsi | Executive Manager, Financial Institutions Department |
| Walid Khaled DeifAllah Al-Qhewi | Head of Legal Department/BOD Secretary |
| Rami Mohammad Jawad Fuad Hadeed | Deputy CEO - Chief Business Officer (CBO) (until 14/01/2021) |
| **Managers of supervisory departments** | |
| Mahmoud Ibrahim Mahmoud Mahmoud | Compliance, AML & CFT Department Manager |
| Ajoud Sharaf Al-Din Ali AlRousan | The General Auditor |
| Nadia Fahed Fareed Kanan | Manager, Risk Department (as of 10/2/2022) |

| Heads of Bank Departments | |
|---|---|
| Name | Title |
| Ibrahim Omar Ibrahim Al-Alami | SME's Banking Department Manager |
| Jamal Hussein Abtan Raqqad | Corporate Communications Department Manager |
| Ruba Jihad Atieh Shihab | Retail Credit Department Manager (as of 18/04/2021) |
| Ziad Ahmad Daoud Al-Ramahi | Strategic Planning Department Manager |
| Sajed Mahmoud Husni Abu Touq | Corporate Banking Department Manager |
| Salam Fawaz Suleiman Mezher | Direct Sales Department Manager (as of 1/4/2021) |
| Diaa Al-Din Mohamed Ahmed Jaber | Branches Department Manager |
| Tareq Fadelallah Gibrael Qubaain | Trade Finance Department Manager (as of 25/07/2021) |
| Alaa Saber Ahmad Shobaki | Credit Remedial and Debts Recovery Department Manager |
| Lana Mohammad Shaban Abu Khadra | Central Operations Department Manager |
| Maher Nayef Suleiman Halasa | Administration Department Manager |
| Muhammad Ahmad Muhammad Obeidat | Credit Review Department Manager |
| Noura Waleed Muhammad Al-Jitan | Human Resources Planning and Development Department Manager |
| Hani Abdul-Rahman Mahmoud Darwish | Treasury Department Manager |
| Haytham Faisal Muhammad Al-Shamaileh | Collections Department Manager |
| Yaser Fouzi Yousef Al-Qsous | Engineering Department Manager |
| Haitham Amin Khalil Hamouri active as of (3/12/2019) | Shareholders Affairs Section Head |

# Board of Directors Report

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 (704) by the end of 2021, divided as follows and according to geographical presence:

**Numbers as of 31/12/2021**

| Jordan Branches | | | |
|---|---|---|---|
| Branch | No. of Employees | Branch | No. of Employees |
| Head Office | 480 | Al-Hashmi Al-Shamali | 7 |
| Main Branch | 14 | Suweileh | 8 |
| Dahiyat Al Yasmeen | 6 | Al Fuheis | 5 |
| Dahiyat Al Nakheel - Express | 3 | Wasfi Al Tal St | 7 |
| Abu Al Sous - Express | 3 | Salt | 7 |
| Marj Al Hamam | 5 | Muadi | 5 |
| Sports City | 6 | Az Zarqa | 7 |
| Commercial Complex | 6 | Rusaifeh | 5 |
| Jabal Amman | 7 | Um Uthaina | 5 |
| Jabal Al Hussein | 9 | Madaba | 7 |
| .Mecca St | 6 | Aqaba | 8 |
| Shmeisani | 7 | Al Karak | 8 |
| Suweifieh | 11 | Irbid | 11 |
| Al Yarmouk | 5 | Al Hussn St | 7 |
| Al Quwaysimeh | 6 | Hay Al Sharqi - Express | 3 |
| Marka | 8 | Ar Rammth | 8 |
| Tabarbour – Express | 3 | Mafraq | 8 |
| Al Abdali – Express | 3 | Total | 704 |

**(1)/C: The Volume of the Bank's Capital Investment:**
The Bank's capital investment amounted to JOD 21,857,844.

**(2): Jordan Commercial Bank does not have any subsidiary 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 Al Sayegh**
**Chairman (Non-independent)**
Date of Membership: 16/02/2004

Mr. Sayegh was born on 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, of the board the First Jordan Investment Company.
-Member ,of the Arab Federation of Paints and Paints Industry, representing Palestine.
- A member of the Arab Federation of Paints and Paints Industry, representing Palestine.
- A member of the Arab Federation for the Paints and Paints Industry, representing Palestine.
- Chairman, the Board of Trustees of Jordan Medical Aid for Palestinians
- Member, Al Jazeera Sudanese Jordanian Bank - Sudan
- Chairman, the Al-Mahaba Association yafeya.
- Honorary President, the Orthodox Club – Fuheis
- Member, the Orthodox Central Council
- Founder and Vice Chairman, the Executive Committee in the Orthodox Society
- Founder and Chairman, the Palestine International Institute for Research and Services

**Mr. Michael Al-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

H.E Al Majali was Born on 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 2010-2012. 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

Mr. Sharif Al-Rawashdeh was born on 1/8/1958. He obtained a Bachelor's degree in Economics from Yarmouk University in 1986.

Work 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 By 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: 2020/07/09 personal capacity.

Note: Mr. Abdel Nour Abdel Nour was named a representative of the National Paints Factories Company Ltd. on 10/25/2020 until09/07/2020.

Mr. Abdelnour was born on 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 by 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, Euro money, 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 Kilani'**
Noting that Mr. Saleh Muhammad Saleh "Zeid Kilani" was named as a representative of First Jordan Investment Company on 07/29/2018, and he was renamed as a representative of First Jordan Investment Company on 07/09/2020.

Date of Birth: 15/10/1966 HeNote that His Excellency Mr. Saleh Muhammad Saleh "Zayd Al-Kilani" was named as a representative of First Jordan Investment Company on 7/29/2018, and was renamed as a representative of First Jordan Investment Company on 07/09/2020.

Noting that His Excellency Mr. Saleh Mohammed Saleh "Zayd Al-Kilani" was named as a representative of First Jordan Investment Company on 29/07/2018, and was renamed as a representative of First Jordan Investment Company on 07/09/2020.

- holds an MBA from the United States in 1989 and BA in Political Science and International Administration from the United States in 1988, He holds the Certified Board Member Certificate by 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 28/6/2012and 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).
- Member of the Board of Directors of the Arab Jordanian Insurance Group Company, an independent as of 07/29/2020.
- Member of the Board of Directors of the Arab Jordanian Insurance Group Company, as of 29/07/2020.
- Member of the Board of Directors of the Arab Jordanian Insurance Group Company as of 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 (First Seat) - Mr. Fadi A. A. Abu Ghoush**
**Board Member (Non-independent)**
Date of Membership: 10/5/2004 Represented by:

**Mr. Fadi A. A. Abu Ghoush Since 08/09/2020**

Mr. Abu Ghoush was born on March 5, 1979. He received a bachelor 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.

**Work 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.

**H.E. Mr. Mo'nes Omar Saleem Abdel All**
**Board Membership (Non-Independent)**
Date of Membership: 25/10/2015 Represented by:

H.E. Mr. Mo'nes Omar Saleem Abdel All

H.E. Abdel All was born on 7/4/1982. He received Bachelor of Accounting from Yarmouk University in 2004, he holds Certified Management Accountant CMA, Dec, 2013 and Certified Public Accountant CPA Dec, 2018, DipIFR, July 2019 certificates. He also holds the Certified Board Member Certificate by IFC/JIOD.

**Work Experience:**
- Corporate Affairs Section –Section Head since July 1, 2020 to date
- Head of Investment Risk at Social Security Investment Fund (SSIF), Jan 2019 till June 30, 2020
- 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

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

**2- Mr. Henry Toufic Ibrahim Azzam**
**Board Member (Independent)**
Date of Membership: 2020/07/09
Date of birth 1949/12/20

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.

**Work 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

**3- Mr. Nasser H. M. Saleh**
**Board Member (Independent)**
Date of Membership: 09/07/2020

Mr. Saleh was born on 4/121972. He 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 MadfooatCom 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 MadfooatCom 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.

**4- H.E. Mr. Muhannad Shehadeh Khalil Khalil**
**Board Member (Independent)**
Date of Membership: 22/12/2019 (resigned as of 15/1/2022)

H.E. Mr. Khalil was born on 25/08/1970. He holds MBA Lincoln University, USA and BSc in Computer Science Lincoln University, USA.

**Work Experience:**
- Currently working as the Executive General Manager of Jordan International Insurance Company, as of 01/09/2021.
- Currently working as the Executive General Manager of Jordan International Insurance Company, as of 09/01/2021.
- He is currently working as the Executive General Manager of Jordan International Insurance Company as of 09/01/2021.
- He member of the board of directors of the independent public information station as of 10/24/2021.
- 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

**5- Mr.Osama O. A. Hamad**
**Board Member (Independent)**
Date of Membership: 11/06/2019

Mr. Hamad was born on 21/9/1974. He holds Master of International Banking and Finance Law from King's College London 2000 and holds 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 (LL.B) Amman University , Jordan 1996.

**Work 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

**(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 Experiences:**
- 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.

**2. Mr. Alaa "Muhammad Salim" Abdul-Ghani Al-Qahf**
**Deputy CEO**

- Date of appointment: 01/07/2004.
- Date of birth: 03/17/1973.

**Education and Accreditations:**
MBA from the German Jordanian University in 2012.

**Practical Experiences:**
- Director of Customer Services and Products - DHL International since 1995 - 2004.

**3. Mr. Muhammad Ali Muhammad Al-Quraan**
Assistant General Manager Credit

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

**Education & Accreditations:**
- Bachelor's degree in economics from Yarmouk University in 1995.

**Practical experiences:**
- 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.

**4. Mr. Saleem Nayef Saleem 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.
- MBA in Marketing and Small Enterprise from California State University, East Bay in the United States of America 2001.

Practical experiences:
- Regional Director - Visa International - Jordan, Iraq and Palestine - 2014-2016.
- Director of Local Branches - Bank Al Etihad - 2008-2014.
- Branch manager - Wachovia Bank - 2007-2008.
- Branch manager - Washington Mutual– 2004-2008.

**5. Mr. Abdullah Mahfouz Theodore Kishek**
Chief Financial Officer, 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 experiences:
- 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.

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

- Appointment date: 24/08/2014.
- 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 experiences:**
- Arab Banking Corporation - 2006-2014.
- Jordan Ahli Bank - 2004-2006.
- Bank of Jordan - 2000-2004.

**7. Mr. Anas Maher Rady Ayesh**
Executive Manager, Treasury and Investment

- 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 experiences:**
- 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.

**8. Mr. Mounir "Muhammad Juma" Ahmed Al-Muhtaseb**
Executive Manager, IT Department

- Date of appointment: 26/11/2018 (until 30/12/2021).
- Date of birth: 22/12/1971.

**Education & Accreditations:**
- Bachelor's degree in Computer Information Systems from Al-Ahliyya Amman University in 1994.

Practical experiences:
- 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.

**9. Mr. Sami Nimer Salem Al Nabulsi**
Executive Manager, Financial Institutions Department

- 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 experiences:**
- 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.

**10. Mr. Walid Khaled Deif Allah Al-Qahwi**
Head of Legal Department/BOD Secretary

- 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 experiences:**
- 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.

**11. Mr. Mahmoud Ibrahim Mahmoud Mahmoud**
Manager, Compliance & AML Department

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

**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 experiences:**
- 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.

**12. Mr. Ajoud Sharaf Al-Din Ali Al-Rousan**
The General Auditor

- Date of appointment: 02/04/2017.
- Date of birth: 18/08/1969.

**Education & Accreditations:**
- Bachelor's degree in Accounting from the University
- f 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 experiences:**
- 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.

**13.Mr. Rami "Mohamed Jawad" Fouad Hadid**
Deputy CEO - Chief Business Officer (CBO)

- Appointment date: 10/09/2009 (until 14/1/2021).
- 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 experiences:**
- 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.

The names of the board members and senior executive management who have resigned during the year:-
- Resignation of Mr. Rami "Mohamed Jawad" Fouad Hadid / Deputy General Manager of Banking Services 14/1/2021
- Resignation of Mr. Mounir "Muhammad Juma" Ahmed Al-Muhtaseb Executive Director of the Information Technology Department 30/12/2021
- Resignation of HE Mr. Muhannad Shehadeh Khalil Khalil (Independent Board Member) 15/1/2022

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

| SN | Shareholder's Name | National-ity | Beneficiary | No. of Shares | | | | Number of Pledged Shares | Percent-age of Pledged Shares of Total Con-tribution | Pledging Agency | No. of Shares | | Number of Pledged Shares | Percent-age of Pledged Shares of Total Con-tribution | Pledging Agency |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | as on 31/12/2021 | Percent-age % | | | | | | as on 31/12/2020 | Percent-age % | | | |
| 1 | Al Saleh Invest-ment Company Ltd. | Saudi | Reem Bint Nasser Mohammad Al-Saleh (25%) | 31,800,000 | 26.50% | | | None | None | None | 31,800,000 | 26.50% | None | None | None |
| | - | - | Norah Bint Nasser Mohammad Al-Saleh (25%) | | | | | | | | | | | | |
| | | | Maha Bint Nasser Mohammad Al-Saleh (25%) | | | | | | | | | | | | |
| | | | Sarah Bint Nasser Mohammad Al-Saleh (25%) | | | | | | | | | | | | |
| 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 In-vestment Co. | Jordanian | A. Michael Fayeq Ibrahim Sayegh (23.223%) | 14,452,264 | 12.04% | | | 1,199,998 | 8.30% | Arab Jordan Investment Bank (AJIB) | 14,715,172 | 12.26% | 1,199,998 | 8.15% | Arab Jordan Investment Bank (AJIB) |
| | | | B. C. Nazi Tawfiq Nakhleh Copti (10.292%)<br>C. Jordan Commercial Bank (9.968%) | | | | | | | | | | | | |
| | | | D. Faris Michael Fayeq Sayegh (9.333%) | | | | | 1,250,000 | 8.65% | Bank Al Etihad | | | 1,250,000 | 8.49% | Bank Al Etihad |
| | | | E. Faiq Michael Fayeq Sayegh (7.024%) | | | | | | | | | | | | |
| | | | K. Social Security Corporation (1.9%) | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| | | | M. Faten Michel Fayek Al Sayegh (1.527%) | | | | | | | | | | | | |
| 4 | Michael Fayeq Ibrahim Sayegh | Jordanian | Himself | 12,914,346 | 10.76% | | | 12,600,000 | 97.57% | Societe Generale Bank, Jor-dan | 12,814,346 | 10.68% | 12,600,000 | 98.33% | Societe Generale Bank, Jor-dan |
| 5 | Nazi Tawfiq Nakh-lih Copti | Jordanian | Herself | 7,514,596 | 6.26% | | | 7,400,000 | 98.48% | Societe Generale Bank, Jor-dan | 7,400,068 | 6.17% | 4,400,000 | 59.46% | Societe Generale Bank, Jor-dan |
| 6 | Faris Michael Fayeq Al Sayegh | Jordanian | Himself | 7,500,000 | 6.25% | | | 5,200,000 | 69.33% | Societe Generale Bank, Jor-dan | 7,500,000 | 6.25% | None | None | None |
| 7 | Faten Michael Fayeq Sayegh | Jordanian | Herself | 7,490,000 | 6.24% | | | None | None | None | 7,490,000 | 6.24% | None | None | None |
| 8 | Faiq Michael Fayeq Sayegh | Jordanian | Himself | 7,459,149 | 6.22% | | | 7,250,000 | 97.20% | Societe Generale Bank, Jor-dan | 7,459,149 | 6.22% | None | None | None |

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

| Description | 2021 | 2020 |
|---|---|---|
| Market Share/Facilities | 2.87% | %2.76 |
| Market Share/Deposits | 2.45% | %2.54 |
| Market Share/Assets | 2.37% | %2.37 |

**(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 | Stable | (Foreign currency sovereign risk rating (long term | +B |
| Financial strength rating | -bb | The future state of foreign currency risk outlook | Stable |
| 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.**

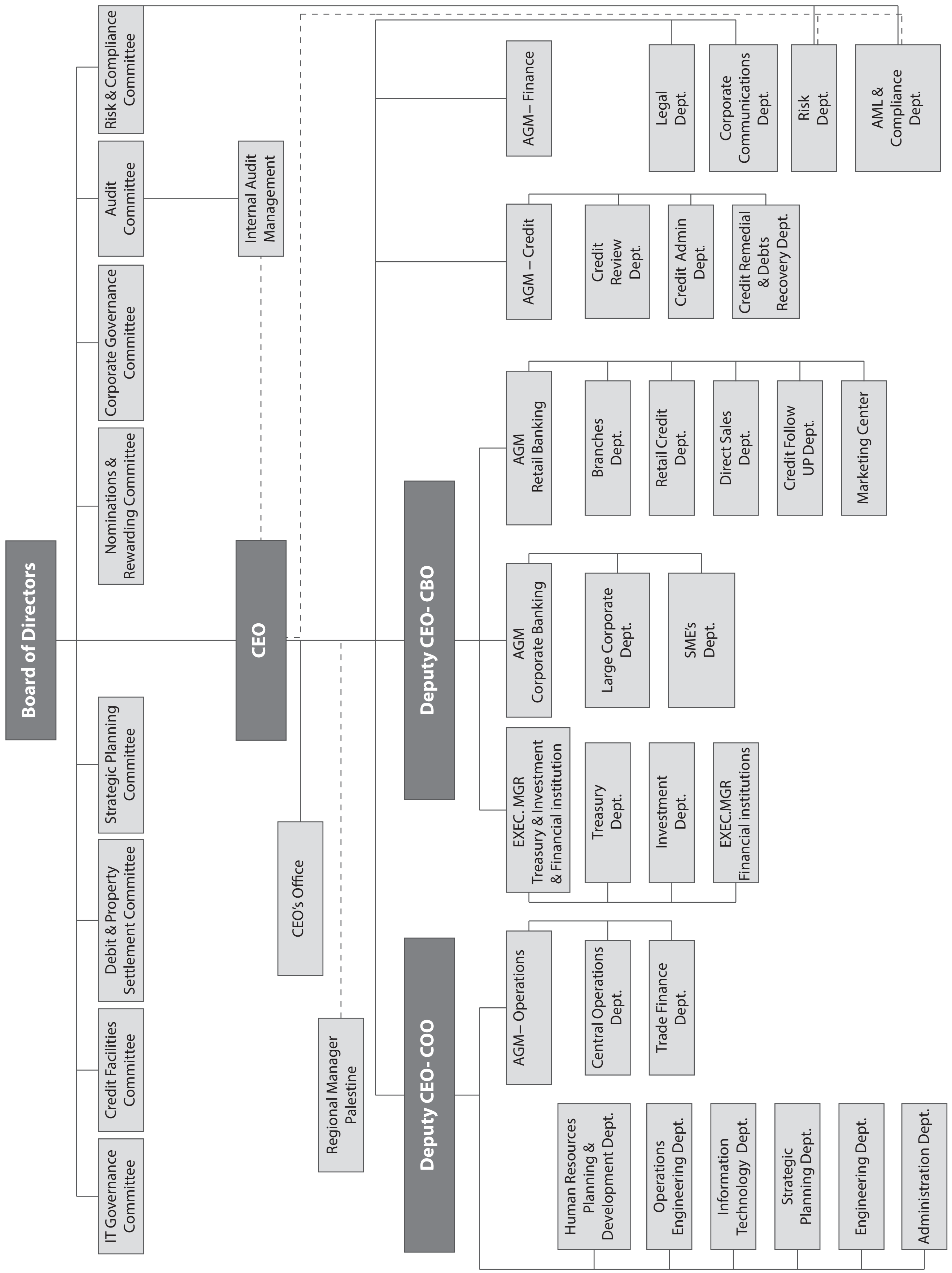
**(8)/B: International Quality Standards:**
• In order to improve the security and protection of the bank's systems, a set of operations, controls, and security solutions continued to be implemented in 2021 in order to comply with cybersecurity requirements, which had the effect of enhancing the security and protection system while reducing cyber risks in light of the development of cyber-attack methods.

- Complete the COBIT 2019 project in order to meet the Central Bank of Jordan's requirements in the field of information technology governance, ensuring optimal use of information technology resources and effective risk management.
- Renewal of the PCI-DSS International Card Security and Safety Compliance Certificate, which enhances security levels on card systems.
- Obtained the international standard ISO 27001 certificate related to meeting the requirements of the information security management system at the bank.
- Meet Swift CSP compliance requirements.
- Meet the requirements of the Central Bank's instructions for the GDBR Customer Data Protection System.
- Obtained the international standard ISO 22301 certificate for business management and continuity.



**(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**



**(B) Number of Bank Employees & Their Qualifications**

**Numbers as of 31/12/2021**

| Academic Qualifications | Number | | Number | | Total | % |
|---|---|---|---|---|---|---|
| | Males | % | Females | % | | |
| PhD | 0 | 0.0 | 0 | 0.00 | 0 | 0.0 |
| Master's Degree | 49 | 6.96 | 22 | 3.13 | 71 | 10.09 |
| Higher Diploma | 2 | 0.28 | 1 | 0.14 | 3 | 0.43 |
| Bachelor's Degree | 296 | 42.05 | 182 | 25.85 | 478 | 67.90 |
| 2-Year Diploma | 20 | 2.84 | 32 | 4.55 | 52 | 7.39 |
| 1-Year Diploma | 0 | 0.0 | 10 | 1.42 | 10 | 1.42 |
| High School (Tawjihi) (Pass) | 15 | 2.13 | 9 | 1.28 | 24 | 3.41 |
| Below High School (Tawjihi) | 66 | 9.38 | 0 | 0.00 | 66 | 9.38 |
| **Total** | **448** | **63.64** | **256** | **36.36** | **704** | **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 department continued to provide training and development opportunities to meet the needs of employees and work requirements through the bank's electronic training platform and other platforms, which resulted in the provision of 194 training opportunities in various training topics that include keeping pace with developments in the banking field, regulations and instructions, in addition to developing administrative and behavioural skills. The Bank continued to implement the comprehensive program for new employees, where the program completed 32 employees during the year, in addition to implementing career development programs for those assigned to higher positions in the public administration and branches, which includes specialized courses to develop their skills and knowledge with the participation of 60 employees.

In addition to participating in the training programs implemented by the Institute of Banking Studies from a distance, with (36) training courses and with the participation of (156) male and female employees. The following is a summary of the number of participants in the training courses and the number of courses indicated by the entity in which the courses were held for the year 2021 compared to the year 2020:

| Internal and External Courses From 01/01/2021 till 31/12/2021 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Location of Training Courses | No. of Courses | | No. of Participants | | Males | | Females | |
| | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 |
| Institute of Banking Studies | 11 | 36 | 16 | 156 | 8 | 96 | 8 | 60 |
| Training institutes (courses, conferences, seminars) within Jordan | 88 | 85 | 407 | 294 | 243 | 167 | 164 | 128 |
| Internal training courses (Training & Development Center) | 60 Duplicate | 71 Duplicate | 2074 Duplicate | 2772 Duplicate | 1245 | 1686 | 829 | 1086 |
| Training courses (outside Jordan) | 0 | 1 | 0 | 2 | 0 | 2 | 0 | 0 |
| Conferences & Seminars outside Jordan / In Jordan Senior Management | 1 | 1 | 3 | 12 | 2 | 9 | 1 | 3 |



**(10): Risks the Bank is Exposed To:**
The risks to which the bank is exposed include the following:

- Credit risk: Credit risk is one of the most significant risks that a bank faces, as it represents the risks that arise from the possibility of non-payment of credit facilities on time, resulting in a financial loss or potential loss that affects the bank's profits, as a result of the borrowing customer's or the other party's (Counterparty) inability to complete the loan terms in full on the dates specified at the time of the loan (the due date specified in the terms of the credit contract).

- **Market risk:** It is the risk of incurring losses as a result of market price movements on the balance sheet and off-balance sheet positions, including risks associated with interest rate instruments, equity, market risk, foreign exchange rate risk, and commodity prices in the bank.

- **Liquidity risk:** The bank's inability to fund assets and meet liabilities when due and at a reasonable cost.

- **Operational risk:** The risk of loss resulting from the failure or inadequacy of internal processes, people, or systems, or from an external event source, such as legal risks and risks related to regulatory authorities.

- **Compliance risk:** the risk of legal or regulatory penalties, material losses, or reputational risks arising from the bank's non-compliance with and violations of applicable laws, legislation, instructions, charters, and banking, professional, and ethical regulations issued by local and international supervisory authorities, including the bank's internal procedures and policies, as well as rules and regulations, proper banking behaviour, standards, and practices.

- **Information security risks:** risks that are defined as losses or negative consequences that a bank may face as a result of internal or external attacks that threaten its bank information, whether electronic or paper-based.

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

**Corporate Sector:**
The corporate sector makes a significant contribution to the bank's revenue and profit, as well as the provision of funds and access to facilities. Jordan Commercial Bank has paid close attention to this sector and is eager to provide the services and products it requires. The corporate sector in its entirety, (large companies, SMEs and micro companies) is the primary engine of the national economy, contributing the largest share of GDP and employing a large proportion of labor. Although the corporate sector ranks second in terms of depositors in the banking sector (after individuals), it is the sector that borrows the most and obtains the most bank facilities.

Throughout 2021, the bank, the banking sector, and economic activity in the Kingdom and the majority of the world remained impacted by the difficulties and challenges associated with the continued spread of the Corona pandemic, as well as the accompanying precautionary and preventive measures. These measures impacted all facets of life, including economic and living conditions (and for various groups and sectors), prompting the Central Bank of Jordan and the government to continue applying some of the measures implemented at the start of the pandemic in 2020, with the goal of mitigating the pandemic's impact and repercussions on individuals and businesses most affected by the pandemic. Among these measures is instructing banks to continue deferring installments to borrowers and maintaining low interest rates, while also enforcing safety and public health regulations. Although 2021 was an exceptional year in terms of results, it remained below pre-2020 levels. With regards to Jordan Commercial Bank, the bank achieved a number of milestones in 2021, including the following:

- Achieving a cumulative growth in the credit portfolio of the corporate sector by 50 million dinars.
- Attracting several leading companies in several vital sectors in the market.
- Allowing work to continue by rearranging and deferring installments throughout 2021 to meet the requirements and conditions during this time and granting facilities through various Central Bank programs to support the corporate sector in all of its categories.

- Keeping up with and following up on the requirements of the International Accounting Standard (IFRS9), as well as completing the entry of all stages of the financial statements into the S&P financial analysis system, all of which contributed to an improvement in the level of account classification at all stages.

- Developing additional electronic services for the banking sector's customers that enhance the concept of comprehensive banking services, the most significant was the Cash Management Service through Tejari Connect for corporate customers.

- Retail Sector:

There is no doubt that the repercussions of the "Corona" crisis in 2021 posed significant economic challenges to the entire world, affecting many economic sectors directly. The Retail Sector played an active role in many precautionary measures aimed at addressing the pandemic's repercussions and impact on citizens, such as deferring loan installments for a specific period of time for pandemic-affected sectors and structuring other loans with the goal of relieving customers under Jordan's Central Bank's instructions.

Simultaneously, the Retail Sector was able to meet customer needs by providing new and innovative banking products, as well as the ongoing pursuit of digital transformation through the development and modernization of electronic services provided to customers that keep pace with technological development in the banking market both locally and globally. Through social media and a call center that worked around the clock, seven days a week, to answer customer inquiries and serve them, the Retail Sector was able to maintain constant and continuous contact with customers in these extraordinary circumstances.

Jordan Commercial Bank's Retail Sector also made progress in implementing the bank's strategy towards the deliberate expansion and spread of the branch network, in line with the bank's slogan of "being closest to its customers". With the opening of the Marj Al-Hamam branch in addition to three new express branches (these branches have a lower cost of establishment and operation than traditional branches and more flexible working hours), bringing the number of Jordan Commercial Bank branches to 34, spread across most regions of the Kingdom.

To reduce operational costs and enhance the customer experience, two of the bank's branches in the capital, Amman, were merged with two other branches, and customers' accounts were transferred to these branches. Additionally, a number of branches were relocated to more modern locations that cater to the needs of various customer categories. New external ATMs were installed in several regions, bringing the total to 33.

The Retail Sector played a critical role in growing the bank's customer base, reducing credit risk, and increasing profits by attracting individual customers' deposits and low-cost savings accounts and utilizing them through a variety of credit products such as personal and real estate loans, vehicles, and credit cards that targeted various sectors and large segments of society. By the end of 2021, the Retail Sector had grown the term deposits portfolio by 5.3 percent to 18 million Jordanian dinars, and the savings accounts portfolio by 8.3 percent to 17 million Jordanian dinars, attracting over 5,000 new bank customers. Additionally, the digital transformation culture and the electronic provision of many banking services contributed to a significant increase in the number of Tejari mobile application subscribers, with a 69 percent increase in 2021 compared to 2020. Additionally, the credit card portfolio increased by 26% over the previous year.

**The following are the main achievements of the departments and centers affiliated with the Retail Sector in 2021:**
**E-Services / Products / Branching:**
- Installing ATMs in new external locations in the Fifth Circle area, Irbid (Bani Kenana), and the YMCA.
- Updating all ATMs in the branches to support the BNA direct cash deposit feature.
- Opening of 4 new branches: Abdali Express, Al Hay Al Sharki Express, Tabarbour Express, Marj Al Hamam Branch.
- In order to protect the environment, 'Go Green," ATM receipts will no longer be printed.
- Launching the free life insurance feature for Tejari Tawfeeri customers.
- Launching the CliQ free instant transfer service between customer accounts and accounts from other banks.
- Launching the innovative Fast Cash credit card service, which allows a customer to quickly transfer the available balance on his credit card to his current or savings account.
- Activating the money transfer service between client accounts in foreign currencies through the Tejari mobile application.
- Launching Tejari Pay service on the Huawei Store.
- Launching several credit cards campaigns, most notably the 10% cashback campaign.

**Branch Support Center:**
- Launching the centralization of incoming clearing checks for individuals.
- Launching a data update project as part of the bank's digital transformation strategy.

**Retail Facilities:**
To mitigate the risks of the Corona pandemic and its consequences for the retail portfolio, the following steps were taken:
- Amending retail facility programs in light of a study indicating which segments have the highest default rates.
- Companies affected by the pandemic were removed from the list of approved TML companies, and new companies that had not previously been approved were added.
- In collaboration with the Product Development Center, attracting new customers to the bank in low-risk segments by launching a personal loan campaign for security services and retirees with market-competitive advantages.

**JAH VIP Customer Center:**
- Launching a convenient installment campaign for JAH customers who have a JAH "World" MasterCard credit card or a Visa Infinite card, allowing them to pay school and university fees with no interest for up to 12 months.
- Pay using the JAH MasterCard when ordering from the Talabat app and get up to 20% discount on food and groceries.

**Marketing Center:**
Despite the epidemiological conditions of the Corona pandemic and its developments in 2021, the Bank was eager to keep communicating with its customers, providing competitive and preferential banking products and services, and marketing them by launching a variety of promotional campaigns aimed at various segments, the most important of which are:

- Prize raffle campaigns (daily, weekly, quarterly, and grand prizes in the middle and end of the year) with a TejaryTawfiri account, in addition to the free life insurance feature.
- Promotional campaigns for credit card and debit card services, such as a campaign to replace your credit card from another bank with a new card from JCB with the same limit and no salary transfer, a discount campaign on food orders through bank cards on the Talabat application, unlimited cashback on purchases with the U credit card, and convenient installments with a 0% interest rate, and a campaign to double the balance with the automatic saving service.
- Adding the contactless feature on the debit card.
- Launching campaigns for deferring installments and reducing the interests of personal and housing loans for customers affected by the Corona pandemic.
- Launching Car loan campaigns, personal loans for retirees and security services.
- Launching motivational campaigns from newly opened branches by offering cash rewards to customers applying for Personal Loans and Home Loans.
- Launching the Fast Cash service campaign for customers to be able to transfer the balance from the credit card to the customer's current or savings account.
- Launching campaigns for electronic services such as Tejari Pay, which enables mobile payments, and CliQ, which enables free and instant money transfers through the Tejari mobile application.

Additionally, the Bank was eager to launch several awareness and social campaigns in order to improve communication with customers and the local community, such as:

- Campaigns to encourage people to get the coronavirus vaccine and download the "Sanad" app, as well as to participate in (World Cancer Day - Up for the Challenge), Earth Day and environmental preservation, Women's Breast Cancer Awareness Month in October, and Men's Health Awareness Month in November).

- Campaigns for social, national and special occasions such as Valentine's Day, Mother's Day, Labor Day, Women's Day and International Children's Day.

- Working to expand its presence on social media platforms such as Facebook and Instagram, to be able to increase interaction with its followers and fans. It also newly joined the "Tik Tok" platform and established a page titled @jcbankjo, making it the first bank in Jordan to do so.

**- Treasury and Investment Sector:**
The effects of the Corona epidemic on various aspects of life continued into 2021, resulting in radical changes in the social and financial landscape around the world, and the Hashemite Kingdom of Jordan was not immune from this crisis. Jordan Commercial Bank combined its efforts to meet these challenges, putting the Treasury and Investment Department at the forefront of meeting these unprecedented challenges. The Treasury and Investment Department's adaptable approach to managing liquidity and cash flow has proven critical in allowing the Bank to weather the unexpected market turmoil caused by the pandemic, which has been ongoing since 2020. The focus on diversification of liabilities has also contributed to mitigating the risk of concentration to a large extent has ensured that the Bank is in a good position to respond to the unexpected effects of the crisis. In addition to the measures taken by the Central Bank of Jordan, the administration collaborated with the rest of the bank's departments to support the bank's customers during this period by providing sufficient funding necessary for its continuity, in line with government measures aimed at supporting the local economy through many financing programs for the affected sectors. The treasury and investment sector was able to successfully leverage its relationships with local and regional institutions, as well as international partners, to increase needed funding, improve and diversify liquidity sources for medium and long-term financing, and obtain competitive prices.

The treasury and investment sector also maintained distinct growth rates at the portfolio level, boosting interest income from fixed income tools and stock investments, commissions from foreign currency exchange, investment services from investment trusts and investment management, financial advisory, and issuance management, and focusing on the quality of services provided. Increasing the base of clients' deposits and the income generated from diversified banking services by focusing on the quality of services provided to margin clients and bank clients. The challenges that affected markets locally and globally, as well as the investment portfolio in the bank's various fixed and variable securities and the effective use of liquidity, contributed to exceeding performance goals and recording exceptional results for the year 2021, and this performance also helped the bank achieve stable financial results throughout the year, and the treasury and investment sector in creating new opportunities in order to achieve the bank's goals.

**Support Services:**

**- Human Resources Planning & Development Department:**

During the Corona virus outbreak, the HR Planning & Development Department played a strategic and critical role. In 2021 it responded quickly to changes by identifying and implementing innovative practices, focusing on priorities, and ensuring work continuity while taking the necessary precautions to protect employees' health and safety, as well as managing the work process remotely to ensure business continuity.

Since the beginning of the pandemic, the Human Resources Planning & Development Department has been committed to maintaining a minimum number of employees at the bank's various locations, ensuring that the percentage of workers at each location does not exceed (55%), by developing a plan to reduce the number of employees at each location and in accordance with government directives in this area, which also included adjusting the working hours of a number of employees as well as managing the work process remotely.

Throughout this crisis, the Human Resources Planning & Development Department communicated with employees on a continuous basis and emphasized the importance of their safety through a variety of channels and mechanisms, as well as following up on employee infections and recovery. Sanitization and wearing a mask, in addition to monitoring compliance with the instructions and communications issued pursuant to defense orders regarding the acquisition of Covid-19 vaccinations and ensuring that they are carried out.

Despite this, the Human Resources Planning & Development Department remained committed to implementing effective policies that ensure the selection of the best human resources and their provision to the Bank through an efficient and effective recruitment strategy, while adhering to the principle of equal opportunity in applying the selection and appointment policies and continuing to apply the policy of developing and deploying human resources. Simultaneously, the department spared no effort to train and rehabilitate the next generation of employees who will be assigned supervisory duties in the future and in accordance with job replacement plans.

As the primary pillar of the business's success and in recognition of the critical nature of the training process, and in order to maximize the return on investment in human capital, emphasis was placed during the crisis period on online training activities,

that included all employees of various functional levels and all training topics that kept pace with changes in the banking industry, regulations, and instructions, with the goal of developing employees and increasing their practical skills.

**Engineering Department:**

The engineering department is an important department and plays a key role in providing engineering and logistical support to employees in the head office, as well as the bank's branches throughout Amman and the governorates. It also aims to project a modern and positive image through the projects and works it completed in 2021, which include:

- Providing logistical and engineering support to the bank's buildings and branches through pre-planned programs for routine and emergency maintenance in order to ensure the bank's buildings and facilities remain sustainable.
- Implementation of a number of new bank branches or relocation of branches, in addition to commercial express branches, where the engineering department has supervised their implementation in full: (A new branch in Marj Al Hamam, a new location for the Qweismeh branch, a new Abdali Express branch, a new Tabarbour Express branch, and a new branch in Hay Al Sharki Express branch).
- Equipping the new ATM locations as follows: (Young Christian Association, Bani Kenana District/ Irbid, Al-Qaisi Complex / Fifth Circle, a site in Aqaba City, JoPetrol Station / Al-Muqablain, Sameh Mall / Sahab, Dahiyat Al-Rasheed, in addition to replacing 11 ATM sites within the existing branches).
- The project to switch to solar energy to generate electricity in the Abu Alanda area, which is connected to the head office. As the project was completed on time and within budget, it resulted in financial savings of up to 75% of the total monthly bills for the administration building in 2021.
- Implementation of the Central Bank of Jordan's and the Association of Banks' requirements for providing passageways for people with special needs in the bank's branches.
- Implementation and equipping of the bank's new warehouses in the Abu Alanda area, in accordance with departmental requirements.

**Administrative Department:**

The administrative department is responsible for all administrative matters, as well as the support to the various departments within the bank and the employees who work in them (management and branches). The following are some of the most important tasks that the department worked on in 2021:

- Meet business requirements related to administrative affairs and procurement, with the goal of creating a comfortable and safe working environment for all bank employees.
- Participation in providing logistical support and supervising the operation and housing of the new branches 2021: (Abdali Express, Hay Al Sharki Express, Tabarbour Express, Marj Al Hamam) in addition to relocating closed branches (Abu Nasir, Amman).
- Enhancing the bank's resource efficiency by recycling and reusing furniture and negotiating preferential discounts and rates with suppliers and owners of real estate rented by the bank, and the department has approved new suppliers in addition to existing ones during the year 2021, with the infuse the new suppliers to be local.
- Follow-up on defense orders issued by official authorities regarding the epidemiological situation and ensure that they are implemented across the bank's various locations.
- Meeting the needs of employees in the branches / head office / central operations / training center in accordance with all applicable public safety regulations, in addition to the continuous sterilization of all bank departments and branches through a specialized company in order to maintain a safe and healthy work environment for the safety of employees and customers.
- Activating a plan to sustain the bank's business during (exceptional circumstances) by maintaining 24-hour shifts to protect the bank's property and customers' rights.

**Operations Engineering Department:**

The process of operations re-engineering (which is considered one of the bank's core businesses) entails examining all banking operations and redesigning them within a systematic practical framework consistent with best banking practices, in a way that ensures an increase in the speed and quality of service provision while reducing operational costs, in addition to meeting regulatory requirements in all fields. Among the most prominent achievements of the Operations Engineering Department during 2021 are as follows:

- Preparing, documenting, and updating work policies and procedures manuals to meet the needs of the concerned departments as well as the Central Bank's requirements.
- Issuing circulars, instructions, and forms related to the bank's products and services, as well as preparing memorandums of understanding and service level agreements.
- Preparing and modifying authority tables and manuals for various operations and activities.
- Preparing and documenting the workflows of some of the operations and procedures of the departments in the Bank.
- Modifying job descriptions for certain positions at the departmental level.
- Preparing training needs cards for positions in branches and head office.
- Amending the organizational structure of the organization as a whole, as well as for a number of branches and departments.
- Examination and application of systems and projects related to automation works that were completed during the year.
- Meeting the requirements of the various business units in the bank and the requirements of the Central Bank of regulatory and periodic regulations and reports.
- Implementing system updates in line with internationally approved requirements, such as (Swift / CRIF / ACH / ECC) systems.
- Managing the process of granting and reviewing the access controls and their matrices for all banking systems.

**IT Department:**

The IT Department continued to work to improve the efficiency of its various services by providing support and assistance to the Bank's various business sectors, as well as providing innovative technical solutions at the level of equipment, systems, and networks, with the goal of achieving the following strategic objectives and considerations:

- The cloud e-mail services have been activated after updating the infrastructure of servers, operating systems, and communication equipment to ensure uninterrupted service provision and to develop and improve the level and speed of performance.
- Developed and updated the core banking system, as well as activating a number of services and sub-systems, including the centralization of individual automatic clearing, in order to enhance the services provided to customers.
- Updated security systems and firewalls to ensure the efficiency of security environment for the entire bank's systems.
- Updated and improved ATMs and the services they provide, as well as added new services like the cash deposit service, which is now available at all branch ATMs.
- Updated and developed electronic channels including the addition of Instant Payment CLIQ services, which allow customers to transfer money to other banks and wallets in a quick and secure manner, as well as allowing exchange office transfers to be paid through the e-Fawateercom service.
- Updated and developed the human resources system and activating the employee self-evaluation service.
- Internal procedures, systems, and reports are developed in accordance with the needs of the bank's departments, and they are maintained in accordance with the requirements of internal and external control authorities, as well as the requirements of the Central Bank.
- To further enhance the security and protection of the Bank's systems, the Bank continued to implement a set of elec-

tronic processes, controls, and security solutions in 2021 to ensure compliance with cyber security requirements, which could have a negative impact on security.

- Continuing work on the COBIT 2019 project to ensure compliance with the Central Bank of Jordan's information technology governance requirements, as well as to ensure optimal use of information technology resources and effective risk management.
- Renewal of the certificate of compliance with the international card security and safety standards PCI-DSS, in addition to implementing the instructions of the Customer Security Program (CSP) issued by SWIFT and the Central Bank.

**Strategic Planning Department:**

The Strategic Planning Department, guided by senior management directives, and the bank's strategic planning committee, in collaboration and coordination with all interested parties, develops the bank's strategic plan and establishes goals that ensure the achievement of the management's vision and directions, by evaluating and analyzing the internal and external environment in which the bank operates. Analyze and evaluate the bank's internal capabilities and work to strengthen them while addressing weaknesses, as well as identify and evaluate market opportunities and pursue them. Since the availability and exploitation of opportunities is the foundation for future growth, which is accomplished through the provision of new services and products and through the excellence in the provision of existing products and services to customers, the bank is able to maintain a competitive position in the banking market.

As part of the process of developing the bank's strategic plan, organic and inorganic growth opportunities are identified, and only those that align with the bank's goals are chosen. It also monitors the implementation of strategic directions and decisions by holding meetings and submitting recommendations to the relevant parties for their consideration.

**Regulatory Departments:**

**Risk Department:**

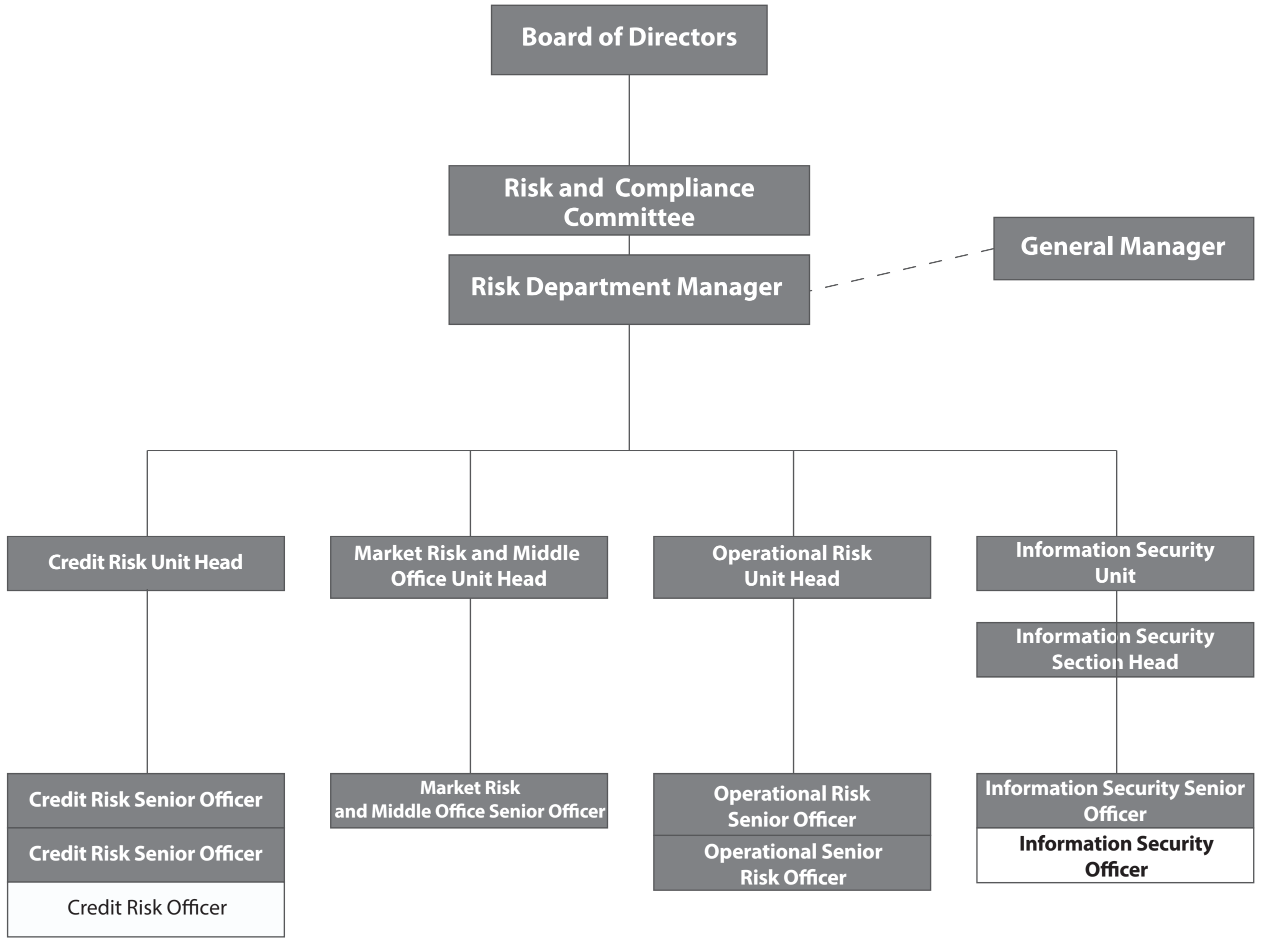
In 2021, the Risk Department applied the best methods to identify all risks (current and expected) by monitoring and managing them and developing appropriate solutions to reduce them by completing the following works as part of the bank's strategy:

- Obtained the ISO 22301 certification for using the most up-to-date international business continuity management standards
- Obtained the PCI certificate for the security of payment cards.
- Obtained a certificate of compliance with the requirements of SWIFT CSP.
- Obtained the ISO 27001 certificate in the field of information security.
- Utilized the bank's internal capital adequacy assessment to calculate the capital required to face all risks to which the bank is exposed ICAAP.
- Implementation and development of stress tests.
- Apply the requirements of accounting standard (9) and the Central Bank of Jordan's instructions and ensure that the allocated provisions are adequate for the risks to which the bank is exposed.
- Assessing the bank's risks and ensuring that they include all significant risks to which the bank as a whole may be exposed to, establishing necessary measures and ensuring the adequacy and effectiveness of control procedures in mitigating these various risks.
- Developing and updating the bank's acceptable risk levels (Risk Appetite), preparing the appropriate reporting system for these levels, and continuing to monitor them on a regular basis to show the deviation that occurs at these levels and the extent to which it affects the capital burden calculation.
- Periodically assessing the operational risks of the bank's various departments and branches and ensuring the adequacy and effectiveness of the control procedures in managing these risks.
- Comprehensive examination of the Business Continuity plan and related plans.
- Assessment of risks related to information security and cyber risks at the bank level.
- Conducting penetration tests on all systems, peripherals, and networks to identify weaknesses and assess the systems' risks and vulnerabilities from external and internal attacks.
- Implementation of Information Technology Governance Instructions regarding the process of risk management and information security management (COBIT 5).
- Implementing and activating security and control procedures to reduce the risks associated with technology and in line with the general strategy of the bank.
- Supervising the implementation of the requirements of the General Data Protection Regulation (GDPR) law.
- Monitoring the security event log for all bank systems (24/7).



- Continuing training and spreading a risk culture throughout the bank at all levels, for all types of risks, business continuity plans, and information security.
- Update and develop policies for all types of risks in accordance with best international and local practices, as well as the Central Bank of Jordan's instructions.

**Risk Department's Organizational Structure:**




**The 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 (230) complaints during the year 2021, and complaints were concentrated in the central region branches, and the most prominent issues of complaints related to running 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.

- With multiple ways to communicate with customers, telephony is the most common and used method by bank customers, followed by telephone service center communication.
- Compliance with FATCA: This was implemented in accordance with the registration policy at the US Tax Authority website through a specialized department that carried meetings with the relevant parties and the desclosure 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. The system was further enhanced during 2021.
- 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.

**Internal Audit Department:**
The Internal Audit Department is regarded as one of the bank's most important control departments, as internal audit is a valuable source of information that assists management in identifying and managing risks.

The Internal Audit Department implements value-added programs and activities that help the Bank achieve its objectives with the aim to improve the control environment. In order to improve the Bank's governance, risk management, and control processes, the Department also provides independent advisory and assurance services.

As part of its responsibilities, the Audit Committee of the Board of Directors supervises the internal audit activity and determines its responsibilities and tasks with the relevant authorities, while the general auditor manages and supervises the internal audit activity.

In addition to carrying out its normal activities within the standards that govern its work, the Audit Department made significant accomplishments in 2021, including developing a quality assurance and improvement program for QAIP audit work, reviewing and updating the audit management manual in accordance with international best practices, and automating the audit department's operations, as well as continuing to develop the audit department's operations, as well as continuously developing its staff by providing support and training.

**Corporate Social Responsibility:**
The banking sector plays an active and important role in serving and developing society by supporting and contributing to many social and charitable initiatives and services, as well as sponsoring economic and community activities and events (such as sports, art, charities, and others), in addition to supporting community efforts in fighting poverty, reducing unemployment, and maintaining the environment, among other things. Jordan Commercial Bank, as an integral part of society and a significant component of the banking sector, has assumed its social responsibilities and participation in this role through:

- Adopting many social initiatives, including (charity food packages) for the blessed month of Ramadan and distributing them to various regions of the Kingdom.
- Supporting cooperative and charitable societies concerned with child, female, and family care.
- Supporting various national institutions and websites.
- Supporting initiatives concerned with preserving the environment and cooperating with relevant institutions and bodies.
- Providing donations to various charities, communities, economic and educational events and activities in the Kingdom. The volume of these donations amounted to 323,064 dinars during 2021.

**(12): There is no financial impact of any non-recurring transactions that occurred during the financial year which are not within the bank's main activities.**

**(13): Chronological order of realized profits (losses), dividends, shareholders' net equity, and share price for the years 2017 - 2021 (JD):**

| Description | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Net profit | 7,004,775 | 513,503 | 5,313,066 | 5,029,366 | 3,788,813 |
| Shareholders' net equity | 147,171,725 | 139,466,787 | 139,198,774 | 134,043,930 | 149,540,599 |
| (Cashdividends (proposed | - | - | - | - | - |
| (Dividend payout ratio (proposed | - | - | - | - | - |
| (Bonus issue (proposed | - | - | - | - | - |
| (Bonus issue ratio (proposed | - | - | - | - | - |
| Closing price/share | 1.03 | 0.69 | 0.79 | 0.85 | 1.19 |

- 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) | | |
|---|---|---|---|---|---|
| | 2021 | 2020 | 2019 | 2018 | 2017 |
| Main Items of the Income Statement | | | | | |
| Net interest income | 35.8 | 33.5 | 31.0 | 29.6 | 36.4 |
| Net interest and commission income | 40.0 | 37.8 | 36.8 | 34.8 | 41.4 |
| Gross income | 44.4 | 42.7 | 42.5 | 40.8 | 48.2 |
| Net income before tax | 12.5 | 6.7 | 12.8 | 7.2 | 6.3 |
| Net income after tax | 7.0 | 0.5 | 5.3 | 5.0 | 3.8 |
| Earnings (Loss) per share/JD | 0.058 | 0.004 | 0.044 | 0.042 | 0.032 |
| Main Items of the Balance Sheet | | | | | |
| Total assets | 1,444.9 | 1,352.0 | 1,386.6 | 1,353.6 | 1,382.3 |
| Shareholders' equity | 147.2 | 139.5 | 139.2 | 134.0 | 149.5 |
| Credit portfolio, Net | 773.9 | 713.9 | 669.0 | 727.9 | 718.0 |
| Securities portfolio | 396.1 | 312.9 | 289.7 | 316.7 | 344.6 |
| Cash and Bank Balances | 144.8 | 176.2 | 107.9 | 153.9 | 180.0 |
| Customer deposits | 969.4 | 935.7 | 836.7 | 893.2 | 971.3 |
| Cash margins | 40.8 | 41.8 | 56.6 | 84.4 | 91.8 |
| Banks' deposits | 111.3 | 102.7 | 87.4 | 117.3 | 121.4 |
| Key Financial Ratios: | | | | | |
| Return on assets ratio | 0.50% | 0.4% | 0.4% | 0.4% | 0.3% |
| Return on equity ratio | 4.9% | 0.4% | 3.9% | 3.5% | 2.6% |
| Capital adequacy | 11.8% | 11.4% | 11.2% | 11.5% | 13.7% |
| Net credit portfolio / customers' deposits | 79.8% | 76.3% | 80.0% | 81.5% | 73.9% |
| Net non-performing loans (not covered by provisions) / Net credit portfolio | 1.8% | 1.6% | 3.4% | 2.6% | 2.5% |
| Coverage ratio for non-performing loans | 81.7% | 83.7% | 68.0% | 75.8% | 63.2% |
| Statutory liquidity ratio | 110.0% | 117.7% | 108.5% | 104.6% | 119.8% |

**(15): Important future developments and strategic plan:**
2022 General strategic objectives

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 2022 strategic plan:**
- Continuing to implement the branching and expansion strategy to cover the Kingdom's various regions through the establishment of traditional branches, Commercial Express branches, and ATMs. Additionally, the bank will continue to update and develop the services offered at existing branches by examining the services offered and their effectiveness for the bank's customers, as well as determining whether their location is close to economic and demographic activity
- Developing/introducing competitive banking products and services into the market, as well as continuing to market existing products, with an emphasis on electronic services.

- Continuing to attract targeted client groups and sectors that are compatible with the bank's policies and strategic directions (for deposits and facilities).

- Working to improve the facilities portfolio's quality by focusing on good grants and reducing non-performing debts, as well as raising the quality of the deposit portfolio by focusing on good, stable, and low-cost deposits.

- Developing the technology ecosystem, continuing to automate programs and systems, and developing the management information system.

- Follow up on the existing and new regulatory requirements, and work to comply with them.

- Taking measures to ensure the continuity of the bank's business, while focusing efforts on preserving the bank's employees and customers in various circumstances.

- Monitoring and managing the risks the bank is exposed to or associated with, whether existing or expected.

- Monitoring the conditions and changes that affect the banking and economic environment (both locally and globally), particularly interest rate movements, to capitalize on potential opportunities and mitigate anticipated risks.

**(16): The auditor's fees including sales tax amounted to JD (169,808).**

**(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 | |
|---|---|---|---|---|---|---|---|
| | | | 31/12/2021 | 31/12/2020 | | 2021 | 2020 |
| 1 | Michael Faiq Ibrahim Sayegh | Jordanian | 12,914,346 | 12,814,346 | Terzonia Management Consulting Company | 10,000 | 10,000 |
| | Chairman | | | | | | |
| 2 | Ayman Haza' Barakat Al-Majali | Jordanian | 1,144,546 | 1,144,546 | | - | |
| | Vice Chairman | | | | | | |
| | Social Security Corporation | Jordanian | 23,808,021 | 23,808,021 | | – | |
| | Board Member | | | | | | |
| | Two seats represented by: | | | | | | |
| 3<br>4 | Munis Omar Salim Abdel-Aal | Jordanian | – | – | | | |
| | Fadi Abdel Wahab Abu Ghosh | Jordanian | | | | | |
| | | | – | – | | | |
| | | | | | | | |
| 5 | First Jordan Investment Co. | Jordanian | 14,452,264 | 14,715,172 | – | – | |
| | Board Member | | | | | | |
| | Represented by Saleh Mohammad Saleh "Zeid Al Kilani" | Jordanian | 11,999 | 11,999 | | | |
| 6 | Shareef Tawfiq Hamd Al-Rawashdeh | Jordanian | 1,073,754 | 1,073,754 | – | – | |
| | Board Member | | | | | | |
| 7 | Osama Omar Ali Hamad<br>Board Member | Jordanian | 10,000 | 10,000 | | | |
| 8 | Muhannad Shehadeh Khalil<br>Board Member | Jordanian | 10,000 | 10,000 | | | |
| 9 | Abdelnour Nayef Abdelnour<br>Board Member | Jordanian | 10,000 | 10,000 | | | |
| 10 | Nasser Hussein Mohammed Saleh<br>Board Member | Jordanian | 10,000 | 10,000 | | | |
| 11 | Henry Tawfiq Ibrahim Azzam<br>Board Member | Jordanian | 10,000 | 10,000 | | | |



**(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 | |
|---|---|---|---|---|
| | | | 31/12/2021 | 31/12/2020 |
| 1 | Nazi Tawfiq Nakhleh Qebti | Jordanian | 7,514,596 | 7,400,068 |
| | Chairman's Wife | | | |

(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 | |
|---|---|---|---|---|
| | | | 31/12/2021 | 31/12/2020 |
| 1 | Rami "Mohammad Jawad" Fuad Hadid | Jordanian | 23,557 | 23,557 |
| | Deputy General Manager/Chief Banking Officer Until 14/01/2021 | | | |

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 (01/01/2021 - 31/12/2021):**

| BoD Members | Transportation allowance for Board members | Transportation allowance for Board committee members | BoD Members' annual bonus | Travel, training and other expenses | Total |
|---|---|---|---|---|---|
| Michael Sayegh | 31,000 | 2,700 | 5,000 | - | 38,700 |
| HE Ayman Al-Majali | 30,000 | 1,800 | 5,000 | - | 36,800 |
| Social Security Corporation (2 Seats) | 62,000 | 8,900 | 10,000 | - | 80,900 |
| First Jordan Investment Co. | 31,000 | 4,900 | 5,000 | - | 40,900 |
| Sharif Al-Rawashdeh | 31,000 | 6,900 | 5,000 | - | 42,900 |
| Abdelnour Abdelnour | 31,000 | 4,800 | 5,000 | - | 40,800 |
| HE Mohannad Shehadeh | 31,000 | 5,800 | 5,000 | - | 41,800 |
| Osama Hamad | 31,000 | 2,700 | 5,000 | - | 38,700 |
| Henry Azzam | 31,000 | 6,700 | 5,000 | - | 42,700 |
| Naser Al Saleh | 30,000 | 5,500 | 5,000 | - | 40,500 |
| Total | 339,000 | 50,700 | 55,000 | - | 444,700 |

**(18)/B: Salaries, Remunerations and Benefits of the Senior Executive Management Members (01/01/2021 - 31/12/2021):**

| Senior Executive Management | Salaries | Bonus | Transportation allowance for committees | Travel, training and other expenses | Total |
|---|---|---|---|---|---|
| Caesar Qulajen | 438,900 | - | - | - | 438,900 |
| Walid Qhewi - BOD secretary | 71,990 | 4,499 | 800 | - | 77,289 |
| Mohammed Al-Quraan | 123,544 | 5,829 | 300 | - | 129,673 |
| Salim Sawalha | 118,995 | 7,487 | - | - | 126,482 |
| Anas Ayesh | 79,856 | - | - | - | 79,856 |
| Rami Hadid until the evening of 14/1/2021 | 102,552 | - | - | - | 102,552 |
| Abdallah Kishek | 202,807 | 12,725 | - | - | 215,533 |
| Ala'a Qhof | 143,179 | 8,999 | - | - | 152,178 |
| Mahmoud Mahmoud | 48,274 | 2,010 | 1,100 | - | 51,384 |
| Ajoud AlRousan | 129,936 | 6,128 | - | - | 136,065 |
| Wael Rabieh | 109,248 | 6,878 | - | - | 116,126 |
| Mounir Muhtasib | 128,759 | 6,800 | - | - | 135,559 |
| Total | 1,698,041 | 61,355 | 2,200 | - | 1,761,596 |

| | | | | | |
|---|---|---|---|---|---|
| **Total BOD Members & Senior Executive Management** | 2,037,041 | 112,055 | 57,200 | - | 2,206,296 |

**(19): Bank's Donations and Support during 2021 (Jordan and Palestine Branches):**

| Domain | Value/JOD |
|---|---|
| Environment | 1,000 |
| Education | 9,987 |
| Charitable societies and social institutions | 253,084 |
| Sports | 15,303 |
| Health | 2,070 |
| Children, Women & Families | 4,410 |
| Poverty | 9,100 |
| Culture and Arts | 12,530 |
| Supporting National Institutions | 11,500 |
| People with Special Needs | 4,080 |
| Total | 323,064 |

**(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 31/12/2021 | Direct Facilities (Credit Balances) as at 31/12/2021 | Indirect Facilities (Credit Limits) as at 31/12/2021 | Indirect Facilities (Credit Balances) as at 31/12/2021 |
|---|---|---|---|---|---|---|
| As Associated Parties | 1 | Michael Sayegh | 9,613,499 | 8,493,995 | 657,090 | 243,175 |
| | 2 | Sharif Al-Rawashdeh | 3,714,418 | 2,826,135 | 0 | 500,000 |
| | 3 | HE Ayman Al-Majali | 2,300,000 | 1,668,981 | 600,000 | 1,329,781 |
| | 4 | Abdelnour Nayef Abdelnour | 1,849,284 | 1,819,872 | 0 | 12,000 |
| | 5 | First Jordan Investment .Co | 4,821,049 | 4,814,616 | 0 | 155,000 |
| | 6 | Social Security Corporation | 91,749 | 99,726 | 0 | 0 |
| As Individuals | 1 | Osama Omar Ali Hamad | 0 | 375,640 | 0 | 0 |

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

In 2021, the Bank supported a program for Arab Foundation for the Protection of Nature titled "The Green Caravan", which is a program focused on agricultural & environmental support in the less fortunate and poor areas, also aimed at enhancing food security and achieving a source of income for farmers in those areas.

**(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 2021, 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 2021, 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)

**Chairman**
Michael Sayegh

**Vice Chairman**
Ayman Al-Majali

**Board Member**
Sharif Al-Rawashdeh

**Board Member**
First Jordan Investment Company
Represented by Saleh Al Kilani

**Board Member**
Henry Azzam

**Board Member**
Social Security Corporation (1St Seat) represented by Fadi Abu Ghoush

**Board Member**
Naser Saleh

**Board Member**
Osama Hamad

**Board Member**
Mohannad Shehadeh

**Board Member**
Social Security Corporation (2nd Seat) Represented by Mo'nes Abdel All

**Board Member**
National Paints Factories Co. Ltd. Represented by Abdelnour Abdelnour

**(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.**

**Chairman**
Michael Sayegh

**General Manager**
Caesar Qulajen

**Finance Manager**
Abdallah Kishek



# Audited Annual Financial Statements

# Statement of Financial Position

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

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

# Statement of Income

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

| | | | |
|---|---|---|---|
| Earnings per share for the year attributable to the Bank›s shareholders - continued operations | 34 | JD/Fils | JD/Fils |
| Basic and diluted | | 058/0 | 0.039 |

| | | | |
|---|---|---|---|
| (Loss) per share for the year attributable to the Bank›s shareholders - discontinued operations | 34 | JD/Fils | JD/Fils |
| Basic and diluted | | - | (0.035) |

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

# Statement Of Comprehensive Income

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

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

# STATEMENT OF CHANGES IN EQUITY

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

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

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

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



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

| | | | |
|---|---|---|---|
| Dividends from financial assets at fair value through statement of income | | 6,750 | - |
| Purchase of property and equipment and advances on purchase of property and equipment | 10 | (2,125,536) | (1,700,273) |
| Intangible assets | 11 | (705,764) | (662,735) |
| Proceeds from sale of property and equipment | | 2,877 | 183,544 |
| Net cash flows used in investing activities | | (84,380,927) | (7,680,899) |
| Cash flows from financing activity: | | | |
| Increase in borrowed funds | | 36,919,009 | 7,481,146 |
| Net cash flows from financing activity | | 36,919,009 | 7,481,146 |
| Effect of exchange rate fluctuations on cash and cash equivalents | | 489,747 | 397,236 |
| Net (decrease) increase in cash and cash equivalents | | (43,535,591) | 38,443,550 |
| Cash and cash equivalents at the beginning of the year from continued operations | | 119,042,149 | 80,598,599 |
| Cash and cash equivalents at the end of the year | 35 | 75,506,558 | 119,042,149 |

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

**(1) General**

Jordan Commercial Bank was established as a Jordanian Public Limited Shareholding Company on May 1977 3 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. 5203000 (6) 962+, P.O. Box 9989, Amman 11191 - The Hashemite Kingdom of Jordan.

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

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

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

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

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

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

**(2) Basis of Preparation of the Financial Statements**

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



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

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

Debt instruments issued by the Government of Jordan or guaranteed by it are excluded, in addition to any other credit exposures with the Government of Jordan or guaranteed by it so that any credit exposures with the Government of Jordan or guaranteed by it are addressed without any credit losses.

When calculating the credit losses against credit exposures, the results of the calculation that are in accordance with the International Financial Reporting Standard No. (9) are compared with the instructions of the Central Bank of Jordan (No. 2009/47) dated 10 December 2009 for each stage, and whichever is more conservative is recorded.

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.

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

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

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

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

**(1-2) Changes in Accounting Policies**

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

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

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

To require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest,

To permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued,

To provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

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

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

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid19- pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid19- related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid19- related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease Modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid19- pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.

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

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

**(2-2) Significant Accounting Policies**

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

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

**Recognition of Interest Income**

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

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

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

**Interest and Similar Incomes and Expenses**

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

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

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



**Expenses are recognized in the accrual basis.**

**Fees and commission income**
Fees income can be divided into the following two categories:

1. Fees income earned from services that are provided over a certain period.
Fees earned for the provision of services over a period are accrued over that period. Such fees include "commission income and private wealth and asset management" fees, "custody and other management" fees.

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

**Financial Instruments – Initial Recognition**

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

**Initial measurement of financial instruments**

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

**Day one of profit or loss**

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

**Measurement categories of financial assets and liabilities**

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

**Amortized cost**
**At Fair value through other comprehensive income**

**At Fair value through statement of income**
The Bank classifies and measures its derivative and trading portfolio at FVTPL. The Bank may designate financial instruments at FVTPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

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

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

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

**The details of these conditions are outlined below.**
**Business model assessment**

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

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

How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity›s key management personnel The risks that affect the performance of the business model (and the financial assets held within that business model) and the way those risks are managed How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected) The expected frequency, value and timing of sales are also important aspects of the Bank's assessment If cash flows after initial recognition are realized in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward. The Solley Payment for Principal and Interest (SPPI) test As a subsequent step of its classification process the Bank assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/ discount). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

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

**Derivatives recorded at fair value through statement of income**

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

Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the ‹underlying›).

It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.

**It is settled at a future date.**

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

**Debt instruments at FVOCI**

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

The instrument is held within a business model. The objective of which is achieved by both collecting contractual cash flows and selling financial assets.



**The contractual terms of the financial asset meet the SPPI test.**

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

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

**Equity instruments at FVOCI**

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

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

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

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

**Financial guarantees, letters of credit and unutilized facilities ceilings**

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

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

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

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

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

**Derecognition of financial assets and liabilities**

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

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

**Derecognition other than for substantial modification**

**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.

**Financial liabilities**

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



**Impairment of financial assets**

**Overview of the ECL principles**

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

**Equity instruments are not subject to impairment under IFRS 9.**

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

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

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

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

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

**Stage 1:** When financial assets are first recognized, the Bank recognizes an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2.

**Stage 2:** When a financial asset has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved, and the loan has been reclassified from Stage 3.

**Stage 3:** Financial assets considered credit impaired. The Bank records an allowance for the LTECLs. For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

**Credit cards and other revolving facilities**

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

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

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

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

**Forward looking information**

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

**GDP growth**

**Unemployment rates**

**Central Bank base rates**

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

**Collateral valuation**

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

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

**Collateral repossessed**

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

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

**Write-offs**

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

**Modified loans**

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



**Rent Contracts:**

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

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

Right-of-use assets

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

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

Lease liabilities

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

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

Property and Equipment

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Provision for employees' end-of-service indemnities

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

**Income Taxes**
Income tax expenses represent current and deferred taxes.

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

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

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

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

**Capital Cost of Issuing or Buying the Banks Shares**

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

**Assets Under Management on Behalf of Customers**

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

**Offsetting**

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

**Seized Assets by the Bank Against Due Debts**

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

**Repurchase and Resale Agreements**

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

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

**The calculation of ECLs**

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

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

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

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

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

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

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

**The mechanism of the ECL method are summarized below:**

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

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

The expected cash shortfalls are discounted by an approximation to the original EIR.

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

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

**Financial guarantee**

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

**Foreign Currencies**

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Cash and Cash Equivalents**

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

(3) Use of estimates

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

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

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

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

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

**Income tax**

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

**Litigations provision**

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

**Provision for end-of-service indemnities**

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

**Assets and liabilities stated at cost**

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



**Provision of expected credit losses**

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

**Evaluation of business model**

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

**Significant increase in credit risk**

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

**Establish groups of assets with similar credit risk characteristics**

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

**Re-Division of Portfolios and Movements Between Portfolios**

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

**Loss Given Default**

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

**Fair value measurement and valuation procedures**

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

**Risk management**

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

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

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

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

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

**Acceptable risks level (risk appetite)**

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

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

**The objectives of risk appetite**

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

- Knowing the acceptable level of risk for each type of risk to which the Bank is exposed.

- Protecting the Bank from risks that it might face and negatively affect its business.

- Achieving strategic goals.

- Ensuring that acceptable proportions of capital adequacy are maintained.

- Control risks and work to reduce them.

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

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

**Stress testing**

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

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

**The mechanism by which stress situations are chosen**

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

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

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

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

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

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

**Governance of stress testing**

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



**Board of Directors› responsibility:**

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

**Senior executive management responsibility:**

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

**Responsibility of the Internal Audit department:**

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

Risk Department responsibility:

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

- Stress testing includes scenarios that range from least to most severe.
- Covering all complex financial products, if any.
- It considers potential changes in market conditions that may negatively affect the Bank›s exposure to concentration risk.
- Including stress tests to some scenarios related to reputational risks, by reflecting the results of risks that affect the Bank›s reputation, which may be reflected on the Bank›s liquidity and liquid assets through customers withdrawing their deposits.
- The tests used are consistent with the degree of risk tolerance that the Bank has set for itself, so that the chosen scenarios are commensurate with the size, nature and complexity of the Bank's business and the risks associated with it.
- The stress testing program includes quantitative and qualitative methods to improve the comprehensiveness of these tests and make them supportive and complementary to the models and methods of risk management used in the Bank.
- It includes different types of tests, such as the simple sensitivity analysis based on changes in one risk factor and between scenarios based on statistical methods that take into account the relationships between the causes of systemic risks in times of crisis, knowing that the part related to these scenarios is determined by the Central Bank of Jordan on an annual basis.

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

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

**The Banks 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. (2009/47) and (2018/13) related to the International Financial Reporting Standard (9) are adopted. The most conservative and severe results are taken, except in special cases and with prior approval by the Central Bank of Jordan.

**2. The defaulting mechanism:**

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

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

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

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

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

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

**Specific criteria:**

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

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

3- Measuring the client›s competitive position in detail

Quantity standards:
4- Measuring the client›s financial risks by assessing cash flows, receivables, capital structure, and others.

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

1- The impact of the various activities of the client

2- The capital structure

3- Approved financing policy

4- Liquidity assessment

5- Management and governance



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

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

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

**1- The basic components of calculating the credit loss of financial instruments:**

– Clients' staging
– Probability of default ratio stage -12) 1month 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. (2018/13).

**3- Probability of default – PD**

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

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

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

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

**4- Loss Given Default - LGD**

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

**5- Exposure at Default – EAD**

It is defined as the size of the indebtedness to which the Bank may be exposed to the possibility of non-payment if the customer defaults as follows:
– It is the current balance in relation to direct and indirect facilities.
– In the case of ceilings, the value of the amount exposed to default: it is the used balance in addition to a percentage of the unutilized ceiling (direct and indirect) based on a historical study of the extent of utilization of these ceilings.

**Governance of implementing the requirements of IFRS 9:**

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

**Board Responsibilities:**

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

**Executive Management Responsibilities:**

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

**Risks and Compliance Committee Responsibilities:**

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

**Responsibilities of the Audit Committee:**

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

**Compliance Department Responsibilities:**

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

**Risk Department Responsibilities**

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

**Finance Department Responsibilities:**

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

**Determinants of significant change in credit risk:**

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

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

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

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

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

- There is a decrease or a decline in the actual internal credit rating of the borrower according to the internal evaluation system applied by the Bank compared to the degree of the internal rating of the borrower at the time of granting.
- The presence of unpaid dues on a client or borrower account exceeding a certain period.
- Knowing that the borrower faces difficulties affecting the cash flow Violating debt covenants or conditions in a manner that affects the obligation to repay.
- The market value of collaterals declines significantly.
- The possibility of a borrower entering bankruptcy procedures.
- The main economic indicators that were used by the bank in calculating the expected credit losses
- When measuring the probability of default for different segments, historical information and current conditions are taken into consideration in addition to expected future events in accordance with substantial information that can be relied upon by the Bank.

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

**Extension and termination option in leases contracts**

- The extension and termination options are included in several leasing contracts, these options are used to increase the operational flexibility in terms of contracts management, most of the extension and termination option are exercisable by both the bank and the lessor.
- In determining the lease term, management considers all facts and circumstance that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension option (or periods after termination option) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The evaluation is reviewed in case of occurrence of an important event or significant change in the circumstances that affect this evaluation and that are under the control of the lessee.

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

**(4) Cash and Balances At Central Banks**

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

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

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

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

**The movement of balances with central banks is as follows:**

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

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



**5 Balances At Banks and Financial Institutions**

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

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

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

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

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

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

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

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

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

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

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

**(6) Direct Credit Facilities-Net**

The details of this item are as follows:

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

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

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

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

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

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

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

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

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

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

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

- During 2021, an amount of JD 123,380 was written-off from non-performing direct credit facilities according to the Board of Directors' decision (JD 17,368 for the year 2020).
- During 2021 and 2020, none of the non-performing credit facilities of were transferred out from the statement of financial position.
- Direct credit facilities JD 128,607,030, interest in suspense of JD 80,974,731 and their related provision of JD 47,632,299 as of 31 December 2021, were listed in regulatory accounts off the statement of financial position according to the Board of Directors' decision as these accounts are completely covered as of the date of the financial statements.
- The provisions for debts calculated on the basis of the individual customer are disclosed above.
- The amount of provisions that are no longer required due to the settlements or repayments of debts transferred against other debts is JD 9,391,579 as of 31 December 2021 (JD 9,965,256 as of 31 December 2020).



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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

**Suspended Interests**

**The movement on suspended interests is as follows:**

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

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

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

**The details of this item are as follows:**

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

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

**The details of this item are as follows:**

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

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

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

**(9) Financial Assets at Amortized Cost, net**

**The details of this item are as follows:**

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

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

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

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

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

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

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



**(10) Property and Equipment, Net**

| 2021 | 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 | 14,446,561 | 10,313,583 | 6,701,559 | 313,074 | 5,383,628 | 814,348 | 40,865,863 |
| Additions | - | - | 24,539 | 14,338 | 5,936 | 149,214 | 1,931,509 | 2,125,536 |
| Disposals | - | - | (116,877) | (69,266) | - | (322,859) | - | (509,002) |
| (Transfer) from payments for acquisition of property and equipment | - | - | 254,672 | 406,045 | - | 1,052,944 | (1,713,661) | - |
| Balance at the end of the year | 2,893,110 | 14,446,561 | 10,475,917 | 7,052,676 | 319,010 | 6,262,927 | 1,032,196 | 42,482,397 |
| Accumulated Depreciation: | | | | | | | | |
| Balance at the beginning of the year | - | 2,696,171 | 7,045,022 | 4,772,287 | 229,500 | 4,250,201 | - | 18,993,181 |
| Depreciation for the year | - | 278,729 | 828,133 | 498,937 | 34,696 | 498,283 | - | 2,138,777 |
| Disposals | - | - | (115,940) | (69,217) | - | (322,248) | - | (507,405) |
| Balance at the end of the year | - | 2,974,900 | 7,757,215 | 5,202,007 | 264,195 | 4,426,236 | - | 20,624,553 |
| Net book value of property and Equipment at the end of the year | 2,893,110 | 11,471,661 | 2,718,702 | 1,850,669 | 54,815 | 1,836,691 | 1,032,196 | 21,857,844 |
| Depreciation rate % | - | 2 | 15-10 | 15 | 15 | 20 | - | |
| 2020 | | | | | | | | |
| Cost: | | | | | | | | |
| Balance the beginning of the year | 2,893.110 | 14,521,561 | 9,099,494 | 6,268,709 | 299,074 | 5,031,886 | 1,458,785 | 39,572,619 |
| Additions | - | - | 10,306 | 22,412 | 14,000 | 38,140 | 1,615,415 | 1,700,273 |
| Disposals | - | (75,000) | (86,530) | (214,348) | - | (6,409) | (24,742) | (407,029) |
| (Transfer) from payments for acquisition of property and equipment | - | - | 1,290,313 | 624,786 | - | 320,011 | (2,235,110) | - |
| Balance at the end of the year | 2,893,110 | 14,446,561 | 10,313,583 | 6,701,559 | 313,074 | 5,383,628 | 814,348 | 40,865,863 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Accumulated Depreciation: | | | | | | | | |
| Balance at the beginning of the year | - | 2,439,701 | 6,226,087 | 4,519,955 | 190,620 | 3,765,859 | - | 17,142,222 |
| Depreciation for the year | - | 278,854 | 903,119 | 466,543 | 38,880 | 490,746 | - | 2,178,142 |
| Disposals | - | (22,384) | (84,184) | (214,211) | - | (6,404) | - | (327,183) |
| Balance at the end of the year | - | 2,696,171 | 7,045,022 | 4,772,287 | 229,500 | 4,250,201 | - | 18,993,181 |
| Net book value of property and equipment at the end of the year | 2,893,110 | 11,750,390 | 3,268,561 | 1,929,272 | 83,574 | 1,133,427 | 814,348 | 21,872,682 |

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

**(11) Intangible Assets, net**

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

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

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

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



**Analysis of the maturity of the lease liabilities**

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

**(13) Other Assets**

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

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

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

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

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

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

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

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

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

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

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

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

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



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

**(14) Banks and Financial Institutions Deposits**

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

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

**(15) Customers' Deposits**

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

| | 31 December 2020 Retail | Companies Corporate | Government and Public Sector 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 | 349,092,248 | 75,207,641 | 83,861,396 | 85,849,202 | 594,010,487 |
| Total | 622,143,220 | 98,566,913 | 122,511,062 | 92,465,771 | 935,686,966 |

The Government of Jordan and the public sector›s deposits inside the Kingdom amounted to JD 70,971,953 equivalent to %7.32 of total deposits as of 31 December 2021 (JD 92,465,771 equivalent to %9.9 of total deposits as of 31 December 2020).

Non-interest-bearing deposits amounted to 111,655,552 JD, equivalent to %11.52 of total deposits as of 31 December 2021 (JD 99,992,527 equivalent to 10.7 % of total deposits as of 31 December 2020).

Reserved deposits (restricted withdrawals) amounted to JD 1,839,394 equivalent to %0.19 of total deposits as of 31 December 2021 (JD 2,685,719 equivalent to %0.29 of total deposits as of 31 December 2020).

Dormant deposits amounted to JD 11,587,667 as of 31 December 2021 (JD 3,882,102 of 31 December 2020).

**(16) Cash Margins**

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

**(17) Borrowed Funds**

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

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

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

**(18) Income Tax**

**a. Income tax provision**

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

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

**b. Income tax expense**

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

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

**c. Tax status**

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

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

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

**d. Deferred tax assets and liabilities**

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

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

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

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

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

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

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

**(19) Sundry Provisions**
**The details of this item are as follows:**

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

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

**(20) Other Liabilities**

**The details of this item are as follows:**

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



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

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

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

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

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

| 2020 | 2021 | Stage (3) | Stage (2) | Stage (1) | Individual | Collective | |
|---|---|---|---|---|---|---|---|
| Total | Total | | Individual | Collective | | | |
| JD | JD | JD | JD | JD | JD | JD | |
| 4,643,231 | 1,386,964 | 627,908 | 255,305 | - | 503,751 | - | Balance at the beginning of the year |
| 91,948 | 31,326 | 1,515 | 938 | - | 28,873 | - | New exposures during the year |
| (449,562) | (102,563) | (18,858) | (15,774) | - | (67,931) | - | Reversed impairment loss on matured exposures |
| - | - | (166) | (33,749) | - | 33,915 | - | Transferred to stage (1) |
| - | - | - | 24,999 | - | (24,999) | - | Transferred to stage (2) |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| - | - | 222 | (185) | - | (37) | - | Transferred to stage (3) |
| (1,175,848) | 4,983 | 29,232 | (24,249) | - | - | - | Effect on provision as of the end of the year due to reclassification between the stages during the year |
| (1,722,805) | 1,087 | 40,708 | (59,680) | - | 20,059 | - | Changes resulting from adjustments |
| 1,386,964 | 1,321,797 | 680,561 | 147,605 | - | 493,631 | - | Balance at the end of the year |

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

**(21) Authorized and Paid-up Capital**

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

**(22) Reserves**

**Statutory Reserve**

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

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

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

**(23) Fair Value Reserve – Net**

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

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

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

**(24) Retained Earnings**

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

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

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

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

**(25) Interest Income**

**Details of this account are as follows:**

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

**(26) Interest Expense**

**Details of this account are as follows:**

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

**(27) Net Commission income**
**Details of this account are as follows:**

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

**(28) Foreign Exchange Income**
**Details of this account are as follows:**

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

**(29) Gain (Loss) from Financial Assets at Fair Value through Statement of Income**
**Details of this account are as follows:**

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

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

**(30) Other Income**
**Details of this account are as follows:**

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

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

**(31) Employees Expenses**
**Details of this account are as follows:**

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

**(32 )Provision for Expected Credit Loss, net**

**Details of this account are as follows:**

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

**(33) Other Expense**

**Details of this account are as follows:**

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

**(34) Earnings Per Share for the Bank›s Shareholders**

| The details of this account are as follows: Income for the year attributable to the Banks› shareholders - continued operations | 2021 | 2020 |
|---|---|---|
| Profit for the year (JD) | 7,004,775 | 4,704,179 |
| Weighted average number of shares (share) | 120,000,000 | 120,000,000 |
| Earnings per share for the Banks› shareholders – basic and diluted (JD/Fils) | 058/0 | 039/0 |

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

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

**(35) Cash and Cash Equivalents**

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

**(36) Transactions with Related Parties**

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

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

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

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

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

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

**Executive management remunerations and salaries**

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

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

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



**(38) Risk Management**

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

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

**(38/a) Credit Risk**

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

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

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

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

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

**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.

**Determining the risk mitigation methods:**

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

Collaterals and their convertibility to cash and coverage of the credit granted.

Pre-approval of the credit facilities committee on the credit granted.

Credit approval authority varies from one management level to another based on the customer's portfolio size, maturity, and customer's risk degree.

**Mitigating the assets and liabilities' risk concentration:**

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

Studying, monitoring, and following up on credit:

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

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

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

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

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

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

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

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

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

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

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



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

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

| | Individual | Real Estate Loans | Large Corporates | Companies: Small and Medium Companies | Government and Public Sector | Total |
|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD |
| As of 31 December 2020 | | | | | | |
| Collaterals against: | | | | | | |
| Low Risk | 3,186,929 | 119,446 | 427 | 1,396,076 | 30,000,000 | 34,702,878 |
| acceptable risk | 30,618,374 | 91,121,417 | 100,314,580 | 29,315,935 | - | 251,370,306 |
| Watch list | 3,576,013 | 1,493,486 | 7,919,114 | 2,983,566 | - | 15,972,179 |
| Non- performing: | | | | | | |
| Substandard grade | 774,790 | 168,977 | 239,840 | 8,024 | - | 1,191,631 |
| Doubtful | 351,722 | 153,244 | 503,842 | - | - | 1,008,808 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Loss | 1,331,418 | 2,571,313 | 9,260,496 | 4,424,346 | - | 17,587,573 |
| Total | 39,839,246 | 95,627,883 | 118,238,299 | 38,127,947 | 30,000,000 | 321,833,375 |
| Accepted bank guarantees | 4,358,801 | 1,448,622 | 4,541,795 | 6,886,064 | - | 17,235,282 |
| Real estate | 21,736,262 | 93,781,520 | 85,259,714 | 29,759,133 | - | 230,536,629 |
| Listed shares | 1,084,710 | 248,647 | 27,027,398 | 382,940 | - | 28,743,695 |
| Vehicles and equipment | 12,659,473 | 149,094 | 1,409,392 | 1,099,810 | - | 15,317,769 |
| Others | - | - | - | - | 30,000,000 | 30,000,000 |
| Total | 39,839,246 | 95,627,883 | 118,238,299 | 38,127,947 | 30,000,000 | 321,833,375 |

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

**A. Total credit exposures re-classified**

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



**B. Expected credit losses of reclassified exposures:**

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

**Collaterals against credit facilities are as the followings:**

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

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

**Rescheduled loans**

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

**Restructured loans**

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

**Bills bonds and debentures**

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

| As of 31 December, 2021 | Rating Institution | Within financial assets measured at amortized cost | Total |
|---|---|---|---|
| Rating Grade | | JD | JD |
| Unclassified | - | 4,741,348 | 4,741,348 |
| Governmental | Governmental and government bonds | 358,612,255 | 358,612,255 |
| Total | | 363,353,603 | 363,353,603 |

| As of 31 December, 2020 | Rating Institution | Within financial assets measured at amortized cost | Total |
|---|---|---|---|
| Rating Grade | | JD | JD |
| Unclassified | - | 4,573,055 | 4,573,055 |
| Governmental | Governmental and government bonds | 278,403,731 | 278,403,731 |
| Total | | 282,976,786 | 282,976,786 |

**(38/b) Market risks:**

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

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

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

**Interest rate risks**

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

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

**Sensitivity analysis**

**Interest rate risks:**

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

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

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

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

**Currency risk:**

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

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

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

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

**Risks of Changes in Shares Prices:**

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

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

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

- **Shares prices risks**

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

- **Interest repricing gap**

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

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

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**

| 31 December 2021 | Less than 1 month | From 1 to 3 months | From 3 to 6 months | From 6 months to 1 year | From1 to 3 years | Over 3 years | Non - interest bearing Items | Total |
|---|---|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD | JD | JD |
| Assets | | | | | | | | |
| Cash and balances at central banks | - | - | - | - | - | - | 90,710,577 | 90,710,577 |
| Balances at banks and financial institutions | 16,337,592 | - | - | - | 30,000,000 | - | 7,768,544 | 54,106,136 |
| Direct credit facilities, net | 71,232,608 | 65,599,324 | 78,057,783 | 100,687,541 | 258,704,457 | 199,622,086 | - | 773,903,799 |
| Financial assets at fair value through the income statement | - | - | - | - | - | - | 1,778,210 | 1,778,210 |
| Financial assets at fair value through other comprehensive income | - | - | - | - | - | - | 31,942,672 | 31,942,672 |
| Financial assets at amortized costs | 18,458,863 | 3,545,000 | 102,147,370 | 5,813,745 | 56,829,217 | 175,614,959 | - | 362,409,154 |
| Property and equipment, net | - | - | - | - | - | - | 21,857,844 | 21,857,844 |
| Intangible assets, net | - | - | - | - | - | - | 2,266,649 | 2,266,649 |
| Deferred tax assets | - | - | - | - | - | - | 10,322,457 | 10,322,457 |
| Right of use asset | - | - | - | - | - | - | 5,429,733 | 5,429,733 |
| Other assets | 2,310,629 | - | - | - | - | - | 87,879,648 | 90,190,277 |
| Total assets | 108,339,692 | 69,144,324 | 180,205,153 | 106,501,286 | 345,533,674 | 375,237,045 | 259,956,334 | 1,444,917,508 |
| Liabilities | | | | | | | | |
| Banks and financial institution deposits | 34,032,000 | 2,000,000 | - | - | 72,000,000 | - | 3,281,020 | 111,313,020 |
| Customers› deposits | 273,968,166 | 141,376,534 | 158,765,442 | 205,745,987 | 77,737,165 | 140,048 | 111,655,552 | 969,388,894 |
| Cash margins | 29,994,806 | 4,500,084 | - | 5,442,237 | 750,000 | 142,000 | - | 40,829,127 |
| Borrowed funds | 39,175,560 | 59,793 | 39,696,806 | 5,584,032 | 32,965,217 | 23,002,329 | - | 140,483,737 |
| Income tax Provision | - | - | - | - | - | - | 3,126,294 | 3,126,294 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Deferred tax liabilities | - | - | - | - | - | - | 124,612 | 124,612 |
| Various provisions | - | - | - | - | - | - | 883,049 | 883,049 |
| Lease liabilities | - | - | - | 969,114 | 2,272,868 | 2,119,131 | - | 5,361,113 |
| Other liabilities | - | - | - | - | - | - | 26,235,937 | 26,235,937 |
| Total Liabilities | 377,170,532 | 147,936,411 | 198,462,248 | 217,741,370 | 185,725,250 | 25,403,508 | 145,306,464 | 1,297,745,783 |
| Interest rate sensitivity gap | (268,830,840) | (78,792,087) | (18,257,095) | (111,240,084) | 159,808,424 | 349,833,537 | 114,649,870 | 147,171,725 |
| | | | | | | | | |
| 31 December 2020 | | | | | | | | |
| Total Assets | 118,148,020 | 65,270,740 | 103,912,337 | 96,566,705 | 330,231,857 | 391,677,869 | 246,214,037 | 1,352,021,565 |
| Total Liabilities | 349,030,077 | | | | | | | |
| Interest rate sensitivity gap | (230,882,057) | (154,276,110) | (68,573,895) | (132,663,048) | 169,422,503 | 334,204,639 | 222,234,755 | 139,466,787 |

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



| | | | | | |
|---|---|---|---|---|---|
| Contingent liabilities off - statement of financial position | 32,364,785 | 880,417 | - | 1,081,627 | 34,326,829 |

**c. Liquidity risk**

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

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

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

**Fund sources:**

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

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

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

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

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Total Assets (according to expected maturities) | 118,153,220 | 65,843,265 | 106,633,752 | 99,761,825 | 337,883,127 | 391,677,870 | 232,068,506 | 1,352,021,565 |

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

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

**Off- statement of financial position items:**

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

**(39) Bank's Segment Information**

**a. Information on the key business segments**

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

Individual accounts: includes following up on individual customers deposits, and granting them credit facilities, credit cards and Corporate accounts: includes following up on deposits, credit facilities, and banking services related to corporations.

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

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



**The following table represents information on the Banks sectors according to activities:**

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

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

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

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

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

**Credit Exposures Distribution**

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



**Credit risk exposures categorized by economical distribution:**

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

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

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

**Credit risk exposures categorized by geographical distribution:**

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



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

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

**(40) Capital Management**
**a. Description of Capital**

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

Furthermore, regulatory capital consists of two parts: (1) Primary Capital (Tier 1) made up of paid-up capital, declared reserves (including statutory reserve, voluntary reserve, share premium, and treasury share premium), and retained earnings after excluding restricted amounts and non-controlling interests net of loss for the period (if any), costs of the acquisition of treasury shares, deferred provisions approved by the Central Bank of Jordan, restructuring balance and goodwill Support capital; and (2), additional paid-in capital (Tier 2) which consists of foreign currencies translation differences, general banking risks reserve, instruments with debt-equity shared characteristics, support debts and %45 of the financial assets' valuation reserve, if positive, and is deducted in full, if negative.

A third part of capital (Tier 3) might be formed in case the capital adequacy ratio goes below %12 due to factoring capital adequacy ratio into market risks.

Investments in the capitals of banks, insurance and other financial institutions are deducted.

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

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

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

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

1. The percentage of risks relating to its assets and assets weighted by risks, elements of capital, reserves, and contra accounts.

2. The ratio of total loans to permitted regulatory capital granted by the Bank to one person, its allies, or to related stakeholders.

3. Ratio of total loans granted to the major ten customers of the Bank to total loans extended by the Bank.

**c. Method of Achieving Capital Management Goals.**

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

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

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

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

**Capital Adequacy**

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

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

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

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

**(42) Assets and liabilities maturity analysis:**

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

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

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



**(43) Fair Value Measurement**

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

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

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

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

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

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

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

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

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

**a. The details of this item are as follows:**

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

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

**(45) Litigation**

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

**(46) Assets Held for Sale and Discontinued Operations**

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

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

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

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

(47) New International Financial Reporting Standards and its explanations and issued amendments and not implemented yet The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Bank's financial statements are disclosed below. The Bank intends to adopt these standards, if applicable, when they become effective.

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

A specific adaptation for contracts with direct participation features (the variable fee approach),

A simplified approach (the premium allocation approach) mainly for short-duration contracts.

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

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

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

What is meant by a right to defer settlement,

That a right to defer must exist at the end of the reporting period,

That classification is unaffected by the likelihood that an entity will exercise its deferral right,

That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

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

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

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

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

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

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

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

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

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

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

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

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

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

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

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

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

The amendments is not applicable to the Bank.

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

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

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

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

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

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

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

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

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

**(48) Comparative Figures**

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



# Independent Auditor's Report

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

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

**Opinion**

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

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

**Basis for Opinion**

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

## Key Audit Matters

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

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

**1. Adequacy of the provision for expected credit losses (ECL) for credit facilities**
**Refer to note (32) on the financial statements**

| Key audit matter | How the key audit matter was addressed in the audit: |
|---|---|
| The calculation of the ECL provision requires significant judgement to determine the timing and amount to record as impairment.<br><br>The provision for credit facilities at amortized cost are determined in accordance with the Bank's impairment and provisioning policy, which is aligned to the requirements of IFRS 9 as adopted by the Central Bank of Jordan.<br><br>The Bank's gross credit facilities as at 31 December 2021 amount to JD 862 million and the related impairment provisions amounted to JD 63,8 million. | Our audit procedures included the following:<br><br>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.<br><br>We read the Bank's impairment provisioning policy and compared it with the requirements of IFRS 9 as well as relevant regulatory guidelines and pronouncements. |
| Credit facilities form a major portion of the Bank's assets, there is a risk that inappropriate impairment provisions are booked, whether from the use of inaccurate underlying data, or the use of unreasonable assumptions. Due to the significance of the judgments used in classifying credit facilities into various stages stipulated in IFRS 9 as adopted by the Central Bank of Jordan and determining related provision requirements, this audit area is considered a key audit risk. | **Stage 1 and Stage 2 provisions:**<br><br>For provision against exposures classified as Stage 1 and Stage 2, we obtained an understanding of the Bank's provisioning methodology, the underlying assumptions and the sufficiency of the data used by management.<br><br>We examined a sample of exposures, assessed on an individual basis and performed procedures to evaluate the following:<br><br>• We obtained an understanding of the Bank's internal rating model for credit facilities.<br><br>• 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.<br><br>• For a sample of exposures, we checked the appropriateness of the Bank's staging.<br><br>• 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.<br><br>• For a sample of exposures, we checked the appropriateness of determining Exposure at Default, including the consideration of repayments in the cash flows and the resultant arithmetical calculations. |

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

**Other information included in the Bank's 2021 annual report**

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

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



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

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

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

**Report on Other Legal and Regulatory Requirements**

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

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

Amman – Jordan
27 February 2022

ERNST & YOUNG
Amman - Jordan

Corporate
Governance
Manual

**Introduction**

Jordan Commercial Bank recognizes that, in order to maintain the integrity of the banking system as a whole and to comply with international standards for sound banking practices, it must adhere to the highest standards in the field of information and associated technology. The bank must manage resources, projects, and services in a way that allows it to conduct business and achieve its strategic objectives effectively and efficiently, which reflects positively on the quality of the bank's products and services and on its decision-making mechanisms.

The Board of Directors and Executive Management recognize the importance of adopting successful products that require the efficient and effective integration of information technology with the Bank›s various practices and work procedures, as well as the existence of a framework and principles of governance and information management, as well as accompanying technology. For those who fall within the scope of executive management›s responsibility for information and associated technology, and to adhere to sound foundations and standards in managing information technology resources in accordance with international best practices, particularly the COBIT framework, in order to manage risks and achieve stakeholder aspirations through the application of sound governance rules, and to avoid making ineffective investments. Unjustified expenses result in enormous losses, which can have a negative impact on the bank›s reputation and performance in some cases.

To establish the Jordan Commercial Bank›s identity, this manual has been prepared and attached to the Corporate Governance Guide. It expresses the bank›s perspective on the governance and management of information and associated technology in terms of its concept, importance, and fundamental principles, taking into account applicable legislation and international best practices, and reiterating the bank›s commitment to all applicable laws and regulations.

The provisions of this manual apply to Jordan Commercial Bank branches in Jordan, the bank publishes the Information Technology Governance Guide on its website and is committed to disclosing it in its annual report, as well as the extent of its commitment to implementing what is stated in it.

# Part I: Definitions, Aspects, and Importance of Corporate Governance

**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 between the Bank's Board of Directors, the Executive Management, Shareholders and other parties that have an interest in the bank. It defines the mechanism through which it clarifies the institution's objectives and means to achieve those goals and monitor their achievement. Therefore, sound corporate governance provides both the Board of Directors and the Executive Management with appropriate incentives to reach the goals that are of interest to the Bank, and facilitate the creation of an effective monitoring process, and thus help the Bank use its resources efficiently.

In addition, it is the system that shows the manner in which authorities are exercised and decisions are made. It is how the Bank manages its operations securely, protects the interests of depositors, adheres to the due responsibility towards shareholders and other stakeholders, as well as regulate the Bank's compliance with the internal legislation and policies of the bank.

**Third: Aspects of Corporate Governance:**

**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.

**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 provision of both the internal and external environment, knowing that the availability of one does not necessarily mean the availability of the other. In both cases, the following elements are the guiding principles for achieving good institutional control:

• Fair Treatment:

Small shareholders and related parties are treated fairly, and their interests are taken into consideration.

• 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 is obligated to answer any inquiry when it is held accountable by the Board of Directors regarding the implementation of plans and the implementation of the policies established by it in order to ensure the preservation of the Bank's assets and the soundness of its financial position.

• 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:

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.

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.

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.

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

(*) Executive Member: A Board Member who participates, for remuneration, in managing the Bank's daily activities.

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:

- Developing the bank›s strategic direction.
- Implementing the bank's strategies and policies.
- Implementing the decisions of the Board of Directors.
- Provide guidance to implement short- and long-term business plans.
- Communicating the vision, mission and strategy of the bank to the employees.
- Informing the Board of all important aspects of the bank's operations.
- 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:

- Duly documenting the process and keeping the audio recording until the signatures are completed.
- That the number of members present in person should not be less than two-thirds of the committee members.

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:

- Attending all Board Meetings and recording all deliberations, suggestions, objections, reservations and voting on draft resolutions of the Board.
- Setting the dates of Board Meetings in coordination with the Chairman.
- Ensuring that Board Members sign meeting minutes and resolutions.
- Following up on the implementation of Board resolutions and the discussion of topics postponed at previous meetings.
- Keeping records and documents of Board meetings.
- Taking the necessary measures to ensure that all resolutions to be issued by the Board are in line with the laws and regulations.
- Preparing for the General Assembly meetings and working in cooperation with Board Committees.
- 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:

- Board of Directors and Board Committees
- Executive Management Committees
- Separate departments for risk, compliance and audit that do not carry out day-to-day executive functions
- 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:

- 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.
- Attend Board meetings and Board Committee meetings as required, as well as the General Assembly meetings.
- Not disclose the Bank›s confidential information or use such information for their own benefit or for the benefit of others.
- 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
- 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:

**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.

**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.



6. Diligence and Loyalty

Members of the Bank's Board of Directors shall undertake their responsibilities in a diligent and loyal manner, as follows:

**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.

**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.

**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.

**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).

2. 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.

3. 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.

4. 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:

- The Board Member has not been an executive Board member in the past three years preceding his/her election.
- The Board Member has not been an employee of the Bank or any subsidiary in the past three years preceding his/her election.
- 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.
- 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.
- 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.

- 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.
- 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.
- 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.
- 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).
- The Board Member must not own %5 or more of the Bank's subscribed shares, or of any sister or affiliate company thereof.
- 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.
- The Board Member possesses extensive experience and qualifications in finance or banking.

**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.

**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:**

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.
- 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:**

**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.

**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.

**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:
- Names of the members of the Board of Directors and Executive Management
- Organizational Structure and Corporate Governance Manual
- Incentives and remuneration of members of the Board and Executive Management
- Nature and size of operations with affiliate companies and related entities
- Key risks facing the Bank and its Risk Management Policy

**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.

**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:

- Credit Policy
- Investment Policy
- Fund Sources Management/Asset and Liabilities Management Policy
- Code of Business Conduct adopted by the Jordan Commercial Bank
- Personnel Affairs Policy
- 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:

- Internal Audit
- Internal audit is an important source of information and assists the Bank's Management in identifying and efficiently managing risks.



- 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).
- 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.
- 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.
- 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.
- The Bank shall not assign any executive tasks or responsibilities to internal auditing personnel.
- Internal audit duties are risk-focused duties.
- It shall be responsible for reviewing the Bank's financial reporting, ensuring that significant financial, administrative and operating information is accurate, reliable and timely.
- 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.

**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.

**Risk Management**

The Risk Management Department shall undertake the following roles and responsibilities:

- 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.
- It shall review and analyze all types of risks that the Bank may face including credit, market, liquidity and operational risks.
- It shall develop measurement and control methodologies for each type of risks.
- 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.
- 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.
- It shall provide the necessary information on the Bank's risks for use in the Bank's disclosures and publications.
- The Department shall monitor the compliance by various Executive Departments with the approved levels of Risk Appetite.
- The Board shall ensure that excesses over acceptable Risk Appetite levels are addressed, including, for example, questioning the Senior Executive Management about such excesses.
- 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.
- 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.
- 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.
- 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.
- The Department shall review the risk management framework before being approved by the Board.
- The Department shall implement the risk management strategy and develop policies and work procedures to manage all types of risks.
- The Department shall verify the compatibility of the risk measurement mechanisms with the management information systems used.
- Recommendations are presented to the Risk Management Committee on risk exposures and any exceptions to the risk management policy.
- The Risk Management Department shall be directly responsible for ensuring the «prudent management of IT risks» and the «risk management» processes.

**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:

- Ensuring the implementation of the Corporate Governance Manual.
- Reviewing and updating the Corporate Governance Manual whenever required.
- Inviting any person in the Bank, at all administrative levels, to seek their opinion or ask them about any matter.
- 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.
- Compiling the corporate governance report and submitting the same to the Board of Directors.
- 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.
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- 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:
- 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.
- 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 member›s affiliation with other boards of directors, committees, forums, etc.
- 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.
- 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.
- 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.
- The Committee shall ensure that there is a succession plan in place for the Senior Executive Management.
- 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.
- 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.
- 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.
- 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.
- The Committee shall present its reports/recommendations, and report the outcome of its activities, to the Bank's Board of Directors.
- 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.
- 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.
- 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.
- 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:

**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.

**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.

**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 fulfil the requirements set forth in the Central Bank's instructions. The Bank shall observe the following:
- 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 member›s CV.
- 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.
- 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.
- 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.
- 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.
- 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.
- The 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.
- The Central Bank may appoint an external entity to assess the governance of any bank, at the expense of the latter.
- The 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.
- The Central Bank may set a larger number of independent members in the Board's structure, if deemed necessary.
- The 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. 2016/63 dated 2016/9/25, as set forth in Part Three «Suitability, Qualifications and Evaluation of Board Members» of the Corporate Governance Manual.
- The 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.

**Introduction**

- Following Jordan Commercial Bank›s commitment to the security of its operating environment and utilizing best international practices in the management of information technology resources, projects, and services in a manner that enables it to conduct business and achieve its strategic objectives effectively and efficiently. This, in turn, reflects positively on the bank›s product and service quality on the one hand, and on the decision-making and risk management mechanisms on the other. Apart from upholding the banking system›s integrity and adhering to international standards for sound banking practices, the bank recognizes the importance of adhering to the highest standards in the field of information and related technology.
- The Board of Directors and the Executive Management have realized the need to adopt successful products that require the application of information technology in an efficient and effective manner along with the various practices and work procedures of the Bank in a manner that calls for a framework and principles of governance and management of information and related technology. Separating the operations, tasks and responsibilities of the Council in the field of governance from those that fall within the limits of the executive management's responsibility regarding information and accompanying technology and following the sound foundations and standards in managing information technology resources according to international best practices, especially the COBIT framework to control risks and reach the aspirations of stakeholders by applying the rules of governance sound. In order to avoid entering into useless investments and unjustified expenses that translate into huge losses, which may in some cases affect the bank's reputation and performance. This guide has been prepared and attached to the Corporate Governance Guide in order to confirm the identity of the Jordan Commercial Bank, and it expresses the bank›s view of the governance and management of information and related technology in terms of its concept, importance, and basic principles in a manner that takes into account legislation and international best practices, and it emphasizes the bank›s commitment to all laws and regulations issued in this regard.
- The provisions of this guide apply to Jordan Commercial Bank branches in Jordan. The bank publishes the information technology governance guide on its website and is committed to disclosing the guide and the extent of its commitment to implementing what is stated in it in its annual report.



# Chapter One: Information Technology Governance, Scope and Objectives

**First: Governance:**

Planning for the purpose of achieving strategic objectives, including alignment and regulation, construction and development activities, including procurement and implementation, operating activities, service delivery and support, and monitoring activities, such as measurement and evaluation, are all part of the management of information and related technology. In light of this, information governance and the technology that supports it defines the process of assigning roles and responsibilities and describing relationships between parties, entities, and stakeholders with the goal of maximizing the bank›s added value by taking the best approach that ensures a balance of risks and expected returns. And by adopting the rules, foundations, and mechanisms required for decision-making, defining the bank›s strategic directions and objectives, and mechanisms for monitoring and examining the extent of compliance to achieve them in the pursuit of continuous progress and development, through the governance of operations, which is linked to the set of practices and activities emanating from the bank›s policies and required to achieve the information and accountability objectives, These goals, which are derived from institutional goals, are broken down into main goals and sub-goals in order to meet the needs of stakeholders.

Any person with an interest in the bank, such as shareholders, employees, creditors, customers, external suppliers, or regulatory authorities involved in the bank›s activities, is referred to as a stakeholder.

**Second: Scope of Information Technology Governance and the Concerned Parties:**

- The information technology governance instructions apply to all of the bank›s information technology-based operations in its various branches and departments, and all stakeholders are considered to be affected by the application. The Bank has launched a project to create the necessary environment and meet the requirements of the Information Technology Governance Instructions in accordance with the (COBIT) framework, and there are roles for each of the following:
- The president, board members, and external experts are in charge of the project›s overall direction, assigning tasks and responsibilities, providing support, and approving the necessary funding.
- Executive management and managers in charge of information technology operations and procedures. The Information Technology Steering Committee directs and submits the necessary reports to the Information Technology Governance Committee of the Board of Directors, project managers are followed up on, taking into account the availability of sufficient resources and a thorough understanding of the institutional objectives of information technology governance.
- The internal audit committee is also tasked with providing independent advice and monitoring for the success of the implementation in executive matters as an independent consultant and observer to facilitate and succeed in completing the institutional control framework by reviewing information technology audit reports, taking the necessary steps to address deviations, monitoring the level of technical and technological services, and working to raise their efficiency. The Audit Committee of the Board of Directors, on the one hand, and the external auditor, on the other, submit annual reports to the Central Bank of Jordan for internal and external audits, respectively. During the first quarter of each year, the Executive Management responds to the briefing and recommendations of the Council in this regard.
- The project›s risk, information security, compliance, and legal departments are committed to representing their departments› roles, implementing the framework, following up on requirements, adhering to objectives and policies, and maintaining an appropriate control environment.
- The bank relies on experts and holders of technical and professional certificates related to the standard (COBIT Foundation, COBIT Assessor, COBIT Implementation, CGEIT) from both inside and outside the bank to act as guides and assessors during the application process, as well as to spread knowledge of the standards and make the compliance process easier.
- When signing outsourcing agreements with third parties to provide human resources, services, programs, and infrastructure for information technology with the goal of running the bank›s operations, the bank must ensure that third parties follow the IT governance instructions in whole or in part to the extent that is proportionate to the importance and nature of the bank›s operations, services, programs, and infrastructure. The ultimate responsibility for achieving the requirements of the instructions under consideration, including the audit requirements referred to in this guide, remains with the Board and Senior Executive Management.

**Third: Objectives of Governance and Information Management and Related Technology:**

The primary objective of IT governance is to «create added value» for the bank by maximizing the use of information technology, preserving, and increasing the value provided by current investments, and eliminating IT initiatives and assets that do not contribute to the creation of sufficient added value for the bank. This means maximizing resource utilization while minimizing risk, in addition to addressing the business risks associated with the use of information technology, its ownership, operation, adoption, and inclusion in the bank.This is to ensure the existence of appropriate capabilities to implement the strategic plan, providing sufficient, appropriate, and effective resources, and reconciling in the decision-making process between stakeholders› interests towards added value on the one hand, and comparing risks with returns through optimal utilization on the other.

Accordingly, the objectives that the Bank seeks to achieve by adopting an IT governance framework are:

1. Meeting the Stakeholder's needs by achieving the objectives of information and related technology, ensuring:

• Providing high-quality information that serves as a foundation for the bank›s decision-making processes.

• Prudent management of information technology resources and projects, with an emphasis on maximizing resource utilization and minimizing waste.

• Establishing a distinct and supportive technological infrastructure that enables the bank to accomplish its objectives.

• Improving the bank›s various operations through the use of an efficient technological system with a high credit rating.

• Prudent management of information technology risks to ensure the bank›s assets are adequately protected.

• By strengthening the bank›s internal control and control systems, it will be easier to comply with the requirements of laws, legislation, and instructions, as well as the internal strategy, policies, and procedures.

• Improving the system of control and internal monitoring.

• Increasing users› satisfaction with information technology by efficiently and effectively meeting business needs.

• Managing third-party services entrusted with the execution of operations, tasks, services, and products.

2. Providing the necessary enabling elements to achieve comprehensiveness in the governance and management of information and related technology.

3. Adopting business and organizational practices and rules based on the best international standards as a foundation for future development in the areas of governance and management of information technology operations, projects, and resources.

4. Separate the board›s operations, tasks, and responsibilities in the field of governance from those that fall under the executive management›s responsibility for the information and technology that goes with it.

5. Strengthening self-monitoring, independent oversight, and compliance examination mechanisms in the areas of governance, information management, and related technology, which contribute to continuous performance improvement and development.

Governance and management objectives, as well as the other six enabling elements related to cybersecurity, risk management, privacy and data protection, compliance, monitoring, auditing, and strategic alignment, are (Focus Areas) of high importance and priority.



**Chapter Two: The Bank›s Governance and Information Management Framework and Related Technology (COBIT) and Enablers**

**First: Principles of Information Technology Governance:**

The main principles of information technology governance enable the bank to create an effective governance and management framework that maximizes the use of data and technology investments. According to the COBIT framework, the following are the main principles of information governance and management, as well as related technology:

1. Meeting Stakeholder Needs:

The bank›s primary objective is to add value to stakeholders and thus achieve benefits at the lowest possible cost of resources.

2. Covering the Enterprise End-to-end:

Technology governance aims to integrate information technology governance and corporate governance in order to cover all bank functions and operations.

3. Applying Single Integrated Framework:

It complies with relevant standards and frameworks on a high level, allowing it to serve as a comprehensive framework for the protection of enterprise information technology and all aspects of its management.

4. Enabling a Holistic Approach:

A comprehensive corporate governance and information technology management system is implemented.

5. Separating Governance from Management:

The board of directors is responsible for ensuring that the bank follows good corporate governance practices and that the roles of the board and executive management are clearly defined. The general manager›s and other executive management cadres› responsibilities include planning, construction, operation, and monitoring activities, as well as aligning them with the board of directors› directions in order to achieve the bank›s strategy objectives.

**Second: Enabling Elements:**

In terms of information governance and management, comprehensiveness is achieved by considering not only the technology itself, but also the provision of 7 Enablers that accompany and complement the information technology services represented by the following:

1. Principles, Policies, and Frameworks are tools for translating desired behaviors into daily management guidelines.

2. Processes are an organized set of practices and activities used to achieve specific goals.

3. Organizational Structures.

4. Culture, Ethics and Behavior, through the Bank›s system of values, ethics, and behaviors.

5. Information, which includes all information generated and used by the Bank and is required for the Bank›s proper operation and governance.

6. Services, programs, infrastructure, and applications that support information technology processing and facilitate the provision of services.

7. People, Skills, and Competencies are required for all activities to be completed successfully and for the right decisions and actions to be taken.

The Bank is committed to activating the 7 Enablers in order to achieve the existing comprehensiveness of the general framework for information technology governance.

When implementing and entering the details of the 7 Enablers, attachments, operations, and sub-goals, the Bank adapts (tailors) all of this in accordance with the Bank›s data in order to serve the objectives and requirements of the Information Technology and (COBIT) Governance Instructions and work to find the required change to provide and create the necessary environment for the application by using the Gap Analysis method between the current situation and the application›s requirements. The bank has committed to sending the Central Bank of Jordan a semi-annual achievement report detailing compliance with COBIT requirements and describing the level of achievement.

**Third: Information Technology Governance Operations:**

The general framework for the application of information technology governance (COBIT) consists of two main areas of operations:

1. The scope of the Board of Directors› operations is as follows: It can be broken down into five steps. Each process defines evaluation, direct, and monitor practices, abbreviated (EDM5), which ensures the development and maintenance of an IT governance framework, the realization of benefits, risk management, ensuring optimal resource utilization, and dealing transparently with stakeholders.

2. The scope of the executive management process is as follows: It has four axes that correspond to the areas of responsibility: Planning, Build, Operate, and Monitor, abbreviated as PBRM. These axes provide a thorough examination of the scope of information technology governance. The names of the axes have been chosen in corresponds with their initial meaning:

Alignment, Planning, and Organizing (APO): is responsible for developing the bank›s information technology policy, IT strategy, organizational structure development, financial management, and investment portfolio management.

Build, Acquisition, and Implementation (BAI) is the process of conducting business analysis, project management, evaluating usage scenarios, defining, and managing requirements, programming, systems engineering, decommissioning systems, and capability management.

Delivery, Service and Support (DSS): It manages availability, problem management, service desk and incident management, security, IT operations, and database management.

Monitoring, Evaluation and Assessment (MEA): It stands for compliance review (conformance), efficiency control, and control auditing.

The Bank is committed to ensuring the successful implementation of the axes and processes described in order to ensure the proper application of information technology governance.

**Fourth: Levels of Maturity and Capacity of Actions:**

There are six levels through which procedures can be classified for the purposes of improving procedures, assessing process maturity, determining the target level, and identifying deviations:

- Level (0) Incomplete process: There are no clear processes in place, so the bank is unaware that there is a problem that needs to be addressed.

- Level (1) Performed process: The bank recognizes that there is a problem that needs to be addressed, but there are no standard procedures; rather, there are approaches tied to a specific purpose that are used on an individual or case-by-case basis. The bank›s management approach is disorganized in general.

- Level (2) Managed process: Processes develop to the stage where similar procedures are followed by different individuals performing the same task, there is no formal training or dissemination of standard procedures.Responsibility is left to the individual, and there is a high degree of reliance on people's know-how;as a result, mistakes are possible.

- Level (3) Established process: The procedures are documented and identified as standard procedures, then published in the bank through training, with the documentation stating that they must be followed, but deviations are unlikely to be detected.



- Level (4) Predictable Action: Management monitors and measures policy compliance and intervenes when processes appear to be failing; actions are subject to continuous improvement and provide a mature experience to others; and automation and tools are used in a limited or fragmented manner.

- Level (5) Improved Procedure: At this level, procedures have been revised to achieve best practices status, based on the results of continuous improvement and the development of maturity models in collaboration with other institutions, as well as the Bank›s ability to adapt quickly.

According to the quantitative and qualitative study results, the level of maturity of the activities related to the objectives of information technology governance and the rest of the six enabling elements (Enablers or Components) associated with them is directly proportional to the degree of importance and priority. The bank also strives to ensure that the maturity level of important and priority activities is at least level (3) (Fully Achieved) according to the maturity scale contained in the framework (Cobit)*, and the bank always strives to achieve higher levels than the required maturity level.

**Chapter Three: The board of directors› role in information and technology management**

The roles, activities, and relationships define the stakeholders in governance and how they are to be involved in the implementation process. One of the most critical principles underlying information technology governance is the separation of the board of directors› and executive management›s responsibilities. By determining how to communicate between the owners› interests and executive management, a distinction is made between the board of directors› role and the executive management›s activities. The following are the tasks and responsibilities of the research entities:

1. Duties and Responsibilities of the Board of Directors:

- Monitoring senior executive management›s work to ensure the effectiveness and efficiency of operations, the accuracy of financial reports, and the extent of compliance with current laws, legislation, and instructions, as well as the «risk management» process.

- Budgets are monitored and necessary tools and resources, including qualified human resources, are allocated through departments specializing in information technology auditing. Assuring that both the internal audit department of the bank and the external auditor are capable of reviewing and auditing the processes for hiring and managing information technology resources and projects, as well as the bank›s operations based on them. Additionally, the presence of a specialized technical audit (IT Audit) conducted by qualified and internationally accredited professional cadres in this field who hold valid professional accreditation certificates such as (CISA) issued by qualified international associations in accordance with the international accreditation standards for certification institutions (ISO/IEC 17024) and / or any other equivalent criteria.

- The Council adopts the system of principles, policies, and frameworks required to achieve the general framework for managing, monitoring, and controlling information technology resources and projects in a way that meets the requirements of information technology governance objectives and processes related to information technology risk management and information technology security and protection management through the Information Technology Governance Committee. They also adopt human resource management that meets the requirements of information technology governance processes, as well as the policies required to manage information technology governance resources and processes, and to work with these policies in conjunction with the bank›s other policies that regulate its work and align goals, work mechanisms, and related work procedures, penalties for noncompliance, and compliance mechanisms. All internal and external partners› input is considered when developing policies, as is the adoption of international best practices and their updates.

- Adopting organizational structures (hierarchies and committees) for managing information technology resources, processes, and projects, managing information technology risks, information security, and human resources that comply with information technology governance processes and efficiently and effectively accomplish the bank›s goals, while ensuring task separation and bilateral control are kept to a minimum, adequacy, and up to date.

- Develop the infrastructure and information systems necessary to provide information and reports to its users as a basis for the bank›s decision-making processes.The information quality requirements of integrity, accuracy, and currency, as well as the confidentiality requirements of the data classification policy, as well as the requirements for availability and compliance with that information and reports, must be met, in addition to other requirements contained in COBIT and Information Enabling.

- The Board, through the Information Technology Governance Committee, adopts and considers the information and

* It is possible to consider no more than (%26) of the goals mentioned in the six above as being of lower or neglected priority and importance within the administration›s goals (with no more than 9 goals and a maximum of 35 goals).

reports system as a minimum, taking into account those responsible for developing the information and reports, as well as the powers of access and use that are delegated according to the need for work and the relevant partners. The information and reports are reviewed and updated on a regular basis to ensure that they keep up with the Bank›s goals and operations, and that they adhere to accepted international best practices.

- The Board, through the Information Technology Governance Committee, adopts a system of information technology services, programs, and infrastructure that support and assist in achieving information technology governance processes and, as a result, the information and technology objectives that accompany it as well as institutional objectives. The Board considers that system to be a minimum, and it is continuously developed to keep pace with the evolution of the goals and operations of the Bank, in accordance with the best accepted international practices. technology.

- The Council adopts the qualifications matrix (HR Competencies) and human resources management policies necessary to achieve the requirements of information technology governance processes on the basis of merit through the Information Technology Governance Committee and the Nominations and Remunerations Committee by adhering to the methods of incentives and penalties.

- The Council, through the Information Technology Governance Committee and the Audit Committee, adopts a professional and institutional ethical system that reflects the widely accepted international professional code of conduct for dealing with information and the technology that supports it, and that clearly defines desirable and undesirable behavioral rules, as well as their consequences.

**2. IT Governance Committee:**

An Information Technology Governance Committee, consisting of four members of the Board of Directors with experience and strategic knowledge in IT, was formed by decision of the Board of Directors to meet the tasks required of the aforementioned Board. A Chairman of the Committee was chosen from among the four members, it meets quarterly at the least, keeps records of minutes of meetings, and submits periodic reports to the Board. The Committee›s responsibilities are summarized as follows:

- Adopting information technology strategic objectives and appropriate organizational structures, including the Information Technology Steering Committee at the level of senior executive management, in a way that ensures the achievement and satisfaction of the Bank›s strategic objectives, as well as the best added value from information technology projects and investments, and the use of tools and standards necessary to monitor and ensure the extent to which this is achieved.

- Adopting a general framework for managing, controlling, and monitoring information technology resources and projects that is modeled after best international practices, in particular (COBIT).

- Adopting the institutional goals matrix and the associated compatibility goals, as well as describing the sub-goals required to achieve them.

- Adopting a responsibilities matrix (RACI Chart) for the main processes of information technology governance and the sub-processes that flow from them.

- Ensure the existence of a general framework for managing information technology risks that is compatible and integrated with the bank›s overall general framework for risk management.

- Approving the information technology budget and projects in accordance with the Bank›s strategic objectives.

- General oversight and review of information technology operations, resources, and projects to ensure their adequacy and effectiveness in meeting the bank›s requirements and business objectives.

- Reviewing the audit reports for information technology and taking the necessary measures to address the deviations.

- Recommending to the Council that any deviations be corrected as soon as possible. Any of the bank›s administrators may be invited to attend the Committee›s meetings to provide input. The Committee chooses the Director of the Compliance Control and Anti-Money Laundering Department.

- Adopting the importance and prioritization of governance and management objectives, as well as their relationship to the institutional and accompanying compatibility objectives, in addition to their relationship to the remaining six enabling elements (Enablers or Components), based on an annual qualitative and/or quantitative study that takes into account the (Design Factors) contained in (Design Guide - Cobit 2019).Adopting the importance and prioritization of governance and management objectives, and the extent to which they are related to the institutional objectives and the accompanying compatibility objectives, in addition to their connection with the rest of the six enabling elements (Enablers or Components), based on a qualitative and/or quantitative study prepared for this purpose on an annual basis at least that takes into consideration the (Design Factors) contained in (Design Guide - Cobit 2019).

- The committee may approve the auditor›s reports (internal and external), provided that the board of directors is informed.

- The cyber security policy and program are reviewed and approved by the board of directors, which also conducts compliance audits.

- Ensuring alignment and compatibility between the Jordan Commercial Bank›s general strategic plan and the Information Technology Department›s strategic plan in order to achieve the bank›s strategic objectives.

- Assuring that information technology services are used in a way that helps to reduce risks.

- Following up on performance indicators and monitoring the general strategy›s implementation and realization, project progress, resource utilization, service delivery quality indicators, and balanced goal cards that reflect strategic goal achievement.

- Assuring that available resources are best utilized, whether they are sensitive systems, information, IT infrastructure, or employees.

- Assuring the establishment of a system and mechanism for managing third-party services in order to support the bank›s service delivery process.

- The Information Technology Governance Committee ensures that the Information Security Unit is administratively affiliated with the Risk Department while maintaining its independence. The cyber risk assessment, the findings of the assessment of the adequacy and efficiency of the cyber security program and policy, the recommendations, procedures, and requirements that must be implemented, and a summary of the most significant cyber security threats and breaches that occurred during the reporting period.

**3. Audit Committee:**

- Included are the responsibilities, powers, and scope of information technology audit work within the Audit Charter on the one hand, and procedures agreed upon with the external auditor on the other, as well as regulatory requirements.

- Confirming to the Board that the bank›s internal auditor and external auditor are committed to the following when conducting specialized audits of information and related technology:

1. Information technology auditing standards according to the latest update of the international standard)

Information Technology Assurance Framework (ITAF) issued by the Audit Associationand Information Systems Control (ISACA), including:

- Conducting audit tasks in accordance with an approved plan that considers the relative importance of operations, the level of risk, and the degree of influence on the bank›s objectives and interests.

- Providing and adhering to training and continuing education plans by the specialized staff in this regard.

- Adhering to professional and organizational standards of independence, as well as ensuring that current and future interests do not conflict.

- Commitment to objectivity standards, due professional care, and continuous improvement of the competitiveness and professionalism of the knowledge and skills to be enjoyed, as well as a thorough understanding of the bank›s various mechanisms and processes based on information technology and other audit reports (financial, operational and legal). Capacity to provide evidence that is appropriate for the situation, as well as common sense in identifying unacceptable practices that violate applicable laws, regulations, and instructions.

2. Examining, evaluating and reviewing the processes of hiring and managing information technology resources as well as the bank's operations based on them, and providing a public opinion (Reasonable Overall Audit Assurance) on the overall level of risks to the information and related technology within an audit program that includes at least the required axes, bearing in mind that the risk assessment degrees are divided in descending order into five Levels (which are the Composite Risk Rating Scale): Rate 1) Strong Performance Rate;Rate 2) Satisfactory Performance Rate; Rate 3) Fair Performance Rate; Rate 4) Marginal Performance Rate; Rate5) Unsatisfactory Performance Rate.

And the audit should be repeated for all or part of the axes at least once a year if the risks were rated at (5 or 4) on the risk assessment scale, at least once every two years if the risks were rated at (3), and at least once every three years if the risk was rated at (2 or 1).

Taking into account the continuous change in the risk level and the fundamental changes that occur in the information environment and related technology over the audit periods specified, provided that the Central Bank receives audit reports. The audit reports include assessments of the axes mentioned above, as well as the mechanisms used for strategic planning and developing policies, principles, and procedures, and for utilizing various resources, including information technology and human resources, mechanisms and tools for monitoring, improvement, and development. As well as work on documenting and evaluating audit results based on the significance of imbalances and weaknesses due toobservations.In addition to active controls and assessing the level of residual risks using a systematic standard for analyzing and measuring risks, the corrective measures agreed upon and intended to be followed by the bank›s management with specific dates for correction are included, along with a reference table that ranks the responsible person in the bank concerned with the observation. During the first quarter of each year, the Central Bank of Jordan must be provided with an annual report for internal audit and another for external audit, which includes the response of executive management, the briefing and recommendations of the Board in this regard, and according to an audit report form (risks - controls) of the information and accompanying technology.

3. Regular procedures to follow up on audit results to ensure that the observations and imbalances contained in the auditor›s reports are addressed within the specified timeframes, as well as work to gradually raise the level of importance and risks in the event 4. Include annual performance evaluation mechanisms for IT audit cadres with objective measurement criteria, provided that evaluations are conducted by the Council, represented by the audit committee that emanates from it, and in accordance with the administrative and organizational hierarchy of the audit departments of non-response, as determined by the Board.

5. The internal auditor and the external auditor must follow the system of ethics and professional practices outlined 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 delegate the Internal IT Auditor role for information and related technology to a specialized third party (outsource) independent of the accredited external auditor, provided that all requirements of the IT governance instructions and any other applicable instructions are met, and the Board of Directors and its Audit Committee retain their role in ensuring compliance and meeting minimum requirements.



**Chapter Four: Executive management's role in managing information and related technology**

**1. Responsibilities and tasks of the executive management:**

- Hiring qualified and trained personnel with experience in information technology resource management, risk management, information security management, and information technology audit management, based on academic and professional knowledge and practical experience recognized by qualified international associations under the international accreditation standards for professional certification institutions (ISO/IEC 17024) and/or any other standards, each according to its competence and in accordance with the bank's policies. As well as to provide continuous training and education to employees in order to maintain a level of knowledge and skills that complies with and supports information technology governance processes.

- Adopting a system of information technology services, programs, and infrastructure that supports and assists in the achievement of information technology governance processes and, as a result, the associated information and technology objectives, institutional goals, and providing and developing them on an ongoing basis to keep pace with the bank›s goals and operations in accordance with internationally accepted best practices.

- Include annual performance evaluation mechanisms for cadres with objective measurement criteria that consider the contribution of the job position to the achievement of the bank›s goals.

- Develop the infrastructure and information systems necessary to provide information and reports to its users as a basis for decision-making processes within the bank, and in doing so, the information quality requirements such as integrity, accuracy, and currency, as well as the confidentiality requirements, must be met in accordance with the data classification policy, as well as the availability and compliance requirements for such information and reports (COBIT - Enabling Information).

- Through the use of incentives and penalties, various mechanisms are used to encourage the application of desirable behaviors and to avoid undesirable behaviors.

**2. IT Steering Committee:**

In order to achieve the Bank›s strategic objectives in a sustainable manner, an Information Technology Steering Committee was formed to oversee the process of strategic information technology compatibility. The Chairman of the Committee, the General Manager, and members of the executive management, including the Director of Information Technology, the Director of Risk Management, and the Director of Information Security, are all members of the committee. A member of the Board was also elected to be an observer member of this committee in addition to the General Auditor in an observer capacity, who can invite others when needed to attend the meetings. The committee keeps minutes of its meetings, which are held at least once every three months. The committee's responsibilities are summarized as follows:

1. Develop annual plans to ensure that the Board›s approved strategic goals are met, supervise their implementation to ensure that they are met, and continuously monitor internal and external factors that affect them.

2. Connecting the institutional objectives matrix to the accompanying compatibility objectives matrix, approving, and reviewing it on an ongoing basis to ensure the bank›s strategic objectives are met, as well as the objectives of governance instructions and information and related technology management, while taking into account the definition of a set of measurement and review criteria and assigning those responsible from the executive management to monitor the results.

3. Recommending the allocation of financial and non-financial resources required to achieve the goals and information technology governance processes, as well as the use of competent and appropriate human resources through organizational structures that include all processes required to support the goals, taking into account task separation and the absence of conflict of interests, and the adaptation of technological infrastructure and other services related to it to serve goals, as well as oversee the implementation of IT projects and governance processes.

4. Arranging IT projects and programs in order of priority.

5. Monitoring the level of technical and technological services and working to raise their efficiency and improve them continuously.

6. Submitting the necessary recommendations to the IT Governance Committee regarding the following matters:

- Allocating the resources and mechanisms required to achieve the tasks of the IT Governance Committee.

- Any deviations that may negatively affect the achievement of strategic objectives.

- Any unacceptable risks related to technology, security, and information protection.

- Performance reports and adherence to the general framework for managing, controlling, and monitoring IT resources and projects.

7. Providing the IT Governance Committee with the minutes of its meetings and obtaining information that indicates access to them.The Director of the Operations Engineering Department will be the representative of the Committee.

Resources:

1. Institutional Governance Instructions No. (2016/63) dated 2016/9/25 issued by the Central Bank of Jordan.

2. Instructions for Governance and Information Management and Related Technology No. (2016/65) dated 2016/10/25 issued by the Central Bank of Jordan and their amendments dated (2019/01/21).

3. COBIT issued by the Information Systems Audit and Control Association (ISACA) in the United States of America.

**Corporate Governance**

**Control Objectives for Information and Related Technologies (COBIT) Manual**

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 2020/07/09 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:

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

HE Mr. Ayman Haza' Barakat Al-Majali, Vice Chairman (Non-Independent)

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

The Social Security Corporation (first seat)/ Member of the Board of Directors, represented by:

Mr. Fadi Abdel Wahab Abdel Fattah Abu Ghosh, (Non-Independent)

The Social Security Corporation (second seat)/ Member of the Board of Directors, represented by:

Mr. Munis Omar Salim Abdel-Aal (Non-Independent)

First Jordan Investment Company / Member of the Board of Directors, represented by:

Mr. Saleh Muhammad Saleh "Zaid Al-Kilani" (Non-Independent)

Mr. Abdelnour Nayef Abdelnour Abdelnour (Non-Independent)

HE Mr. Muhannad Shehadeh Khalil Khalil, Board Member (Independent)

(Resigned on 2022/01/15)

Mr. Osama Omar Ali Hamad, Board Member (Independent)

Dr. Henry Tawfiq Ibrahim Azzam/ Member of the Board of Directors (Independent)

Eng. Nasser Hussein Mohammad Saleh/ Member of the Board of Directors (Independent)

**Titles and Names of Members of Senior Executive Management**

| Senior Executive Management | | |
|---|---|---|
| | Name | Title |
| 1 | Caesar Hani Aziz Qulajen | Chief Executive Officer (CEO) |
| 2 | Alaa "Muhammad Salim" Abdulghani Qahef | Deputy CEO |
| 3 | Rami Mohammad Jawad Fuad Hadeed | Deputy CEO - Chief Business Officer (CBO) (until 14/01/2021) |
| 4 | Mohammad Ali Mohammad Al-Quraan | AGM Credit |
| 5 | Salim Nayef Salim Sawalha | AGM, Retail Banking and Branches |
| 6 | Abdallah Mahfouz Theodore Kishek | Chief Financial Officer, AGM Finance |
| 7 | Wael "Mohammad Yousef" Aref Rabieh | AGM, Corporate Banking |
| 8 | Anas Maher Radhi Ayesh | Executive Manager, Treasury and Investment |
| 9 | Mounir "Muhammad Gomaa" Ahmad Muhtasib | Chief Information Officer (until 30/12/2021) |
| 10 | Sami Nimr Salim Al-Nabulsi | Executive Manager, Financial Institutions Department |
| Legal Counsel and Secretary of the Board of Directors | | |
| - | Walid Khaled DeifAllah Al-Qhewi * | Head of Legal Department/BOD Secretary |
| **Managers of supervisory departments | | |
| 1 | Mahmoud Ibrahim Mahmoud Mahmoud | Compliance, AML & CFT Department Manager |
| 2 | Ajoud Sharaf Al-Din Ali AlRousan | The General Auditor |
| Head of the Shareholders Department | | |
| - | Haitham Amin Khalil Hammouri* | Shareholders Affairs Section Head |

*Non – Senior Executive Management members

**Risk Department Manager: Nadia Fahed Fareed Kanan (as of 2022/01/10)

**Memberships held by any Board member in public shareholding companies:**

Mr. Michael Faiq Ibrahim Sayegh/ Chairman

Date of Membership: 2004/02/16

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: 2004/02/16

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: 2012/06/28

Chairman, National Chlorine Industries Company Ltd. effective 2016/04 until 2020/07/01

Board Member, Arab Aluminum Industry Co. LTD (ARAL) effective 2017/04/30 to date

Board Member, Arab Jordanian Insurance Group Company, effective 2020/29/07

Board Member of Al-Bilad for Securities and Investment, effective 2019/01/04.

Mr. Osama Omar Ali Hamad, Board Member

Date of Membership: 2019/06/11

N/A.

HE Mr. Muhannad Shehadeh Khalil Khalil, Board Member

Date of Membership: 2019/12/22.

N/A.

Dr. Henry Tawfiq Ibrahim Azzam, Board Member

Date of Membership: 2020/07/09

N/A.

Eng. Nasser Hussein Mohammad Saleh/ Board Member

Date of Membership: 2020/07/09

N/A.

Mr. Abdelnour Nayef Abdelnour Abdelnour/ Board Member

Date of Membership: 2020/07/09

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 2021/12/31:**

| | Name of Committee | Number of Meetings | Members | Attendance | Excused Absence |
|---|---|---|---|---|---|
| 1 | **Credit Facilities Committee** | **3 meetings** | Michael Sayegh<br>Committee Chairman | Attended all meetings | - |
| | | | Ayman Majali<br>Committee Member | Attended 2 meetings | 1 meeting |
| | | | First Jordan Investment Company<br>Board Member, represented by:<br>Saleh Al Kilani<br>Committee Member | Attended all meetings | - |
| | | | Mr. Osama Hamad<br>Committee Member | Attended all meetings | - |
| | | | Abdelnour Abdelnour<br>Committee Member | Attended all meetings | |
| | | | Social Security Corporation (1st Seat)<br>Board Member, represented by:<br>Fadi Abu Ghosh<br>Committee Member | Attended all meetings | - |

| | Name of Committee | Number of Meetings | Members | Attendance | Excused Absence |
|---|---|---|---|---|---|
| 2 | **Risk & Compliance Committee** | **7 meetings** | **Sharif Al-Rawashdeh<br>Committee Chairman** | **Attended all meetings** | - |
| | | | First Jordan Investment Co.<br>Board Member, represented by:<br>Saleh Al Kilani<br>Committee member | Attended all meetings | - |
| | | | Henry Azzam<br>Committee member | Attended all meetings | - |
| | | | Social Security Corporation (1st Seat)<br>Board Member, represented by:<br>Fadi Abu Ghosh<br>Committee member | Attended all meetings | - |

| | Name of Committee | Number of Meetings | Members | Attendance | Excused Absence |
|---|---|---|---|---|---|
| 3 | Strategic Planning Committee | 3 meetings | Abdelnour Abdelnour Committee Chairman ---------------- Muhannad Shehadeh Committee Member | Attended all meetings -------------- Attended all meetings | - |
| | | | Social Security Corporation (first seat) Board Member, represented by: Fadi Abu Ghosh- Committee Member | Attended all meetings | - |
| | | | First Jordan Investment Company Board Member, represented by: Saleh Al Kilani Committee Member | Attended all meeting | - |
| | | | Henry Azzam Committee Member | Attended 2 meetings | 1 meeting |
| | | | Nasser Salah Committee Member | Attended 2 meetings | 1 meeting |

| | Name of Committee | Number of Meetings | Members | Attendance | Excused Absence |
|---|---|---|---|---|---|
| 4 | Debt and Property Settlement Committee | 4 meetings | Ayman Al-Majali Committee Chairman | Attended all meetings | - |
| | | | Sharif Al-Rawashdeh Committee Member | Attended all meetings | - |
| | | | Abdelnour Abdelnour Committee Member | Attended all meetings | - |
| | | | First Jordan Investment Company Board Member, represented by: Saleh Al Kilani Committee Member | Attended all meetings | - |

| | Name of Committee | Number of Meetings | Members | Attendance | Excused Absence |
|---|---|---|---|---|---|
| 5 | Audit Committee | 7 meetings | Muhannad Shehadeh Committee Chairman | Attended all meetings | - |
| | | | Sharif Al-Rawashdeh Committee member | Attended all meetings | - |
| | | | Social Security Corporation (second seat) Board Member, represented by: Munis Abdel Aal Committee Member | Attended all meetings | - |
| | | | Nasser Saleh Committee Member | Attended 6 meetings | 1 meeting |
| | | | Henry Azzam Committee Member | Attended all meetings | - |

| | Name of Committee | Number of Meetings | Members | Attendance | Excused Absence |
|---|---|---|---|---|---|
| 6 | Corporate Governance Committee | 2 meetings | Osama Hamad Committee Chairman | Attended 2 meetings | - |
| | | | Michael Sayegh Committee Member | Attended 2 meetings | - |
| | | | Muhannad Shehadeh Committee Member | Attended 2 meetings | - |
| | | | Nasser Saleh Committee Member | Attended 2 meetings | - |

| | Name of Committee | Number of Meetings | Members | Attendance | Excused Absence |
|---|---|---|---|---|---|
| 7 | Nominations and Remuneration Committee | 5 meetings | Henry Azzam Committee Chairman | Attended all meetings | - |
| | | | Muhannad Shehadeh Committee Member | Attended all meetings | - |
| | | | Michael Sayegh Committee Member | Attended all meetings | - |
| | | | Osama Hamad Committee Member | Attended 4 meetings | 1 meeting |
| | | | Social Security Corporation (second seat) Board Member, represented by: Mr. Munis Abdel Aal Committee Member | Attended all meetings | - |

| | Name of Committee | Number of Meetings | Members | Attendance | Excused Absence |
|---|---|---|---|---|---|
| 8 | IT Governance Committee | 5 meetings | Nasser Saleh<br>Committee Chairman | Attended all meetings | - |
| | | | Sharif Al-Rawashdeh<br>Committee Member | Attended all meetings | |
| | | | Abdel Nour Abdel Nour<br>Committee Member | Attended all meetings | - |

**-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:**

**HE Mr. Muhannad Shehadeh** Khalil Khalil/chairman of the Audit Committee

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

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.

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

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 2012/08 to 2013/09.

He held the position of CEO of Deutsche Bank for the Middle East and North Africa from 2007/05 until 2010/10, 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 2012/07/31.

Founded "Amwal Invest" and served as its CEO during the period of 2006-2005.

He held the position of CEO of Gordinvest Company from 2004-2001.

He held the position of Chairman of the Board of the Dubai International Stock Exchange during the period of 2004-2001.

Henry Azzam was the Managing Director of the Middle East Investment Group, Oman during the period of 2001-1998.

He held the position of Deputy General Manager of «The National Commercial Bank» in Saudi Arabia during the period of 1998-1990.

Served as Assistant General Manager and Chief Economist at the Saudi National Commercial Bank, Jeddah, Kingdom of Saudi Arabia from 1998-1990.

He held the position of Vice President and Chief Economist at the Gulf International Bank, Bahrain from 1990-1983.

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

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 Madfooatcom 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. Munis 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 (DipIFR) from the Association of Chartered Certified Accountants (ACCA) in 2019.

Holds a J.I.O.D (Jordan Institute Of Directors) certificate, a board member certified by the International Finance Corporation and the International Monetary Fund.

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 2017/11 to 2019/11.

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.



**-Names of Chairpersons and Members of Board Committees:**

| | | Michael Sayegh | Ayman Al-Majali | Sharif Al-Rawashdeh | Abdelnour Abdelnour | First Jordan Investment Co. represented by Mr. Saleh Al-Kilani | Social Security Corporation (1st Seat) represented by Mr. Fadi Abu Ghosh | Social Security Corporation (2nd Seat) represented by Mr. Munis Abdal Aal | Henry Azzan | Nasser Saleh | Muhannad Shehadeh | Osama Hamad |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Credit Facilities Committee | Committee Chairman | Member | | Member | Member | Member | | | | | Member |
| 2 | Risk & Compliance Committee | | | Committee Chairman | | Member | Member | | Member | | | |
| 3 | Debt and Property Settlement Committee | | Committee Chairman | Member | Member | Member | | | | | | |
| 4 | Strategic Planning Committee | | | | Committee Chairman | Member | Member | | Member | Member | Member | |
| 5 | Audit Committee | | | Member | | | | Member | Member | Member | Committee Chairman | |
| 6 | Corporate Governance Committee | Member | | | | | | | | Member | Member | Committee Chairman |
| 7 | Nominations and Remuneration Committee | Member | | | | | | Member | Committee Chairman | | Member | Member |
| 8 | IT Governance Committee | | | Member | Member | | | | | Committee Chairman | | |

**- The number of Meetings held by the Audit Committee with the External Auditor during the year (6) meetings.**

**- The number of Board Meetings during the year and each member's times of attendance:**

During the year 2021, the Board of Directors of Jordan Commercial Bank held nine (9) meetings.

| | Name | Attendance | Excused Absence |
|---|---|---|---|
| 1 | Mr. Michael Sayegh<br>Chairman of the Board | 9 meetings | - |
| 2 | HE Ayman Al-Majali<br>Vice Chairman | 8 meetings | 1 meeting |
| 3 | First Jordan Investment Co.<br>Board Member, represented by:<br>Mr. Saleh Al Kilani | 9 meetings | - |
| 4 | Mr. Osama Hamad<br>Board Member | 9 meetings | - |
| 5 | Social Security Corporation (1st Seat)<br>Board Member, represented by:<br>Mr. Fadi Abu Ghosh | 9 meetings | - |
| 6 | Social Security Corporation<br>(2nd Seat)<br>Board Member, represented by:<br>Mr. Munis Abdel-Aal | 9 meetings | - |
| 7 | Mr. Sharif Al-Rawashdeh<br>Board Member | 9 meetings | - |
| 8 | Dr. Henry Azzam<br>Board Member | 8 meetings | 1 meeting |
| 9 | Mr. Nasser Saleh<br>Board Member | 8 meetings | 1 meeting |
| 10 | Mr. Abdelnour Abdelnour<br>Board Member | 9 meeting | - |
| 11 | HE Mr. Muhannad Shehadeh *<br>Board Member | 9 meetings | - |

*Resigned on  15/01/2022

*Resigned on 15/01/2022

**Chairman of the Board**

Michael Sayegh



# Contact Information of Jordan Branches

| 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 | 06-4639519 |
| 7 | Abdali* Express | New Abdali – Rafiq Hariri St. | 06-5209000 | 06-5104797 |
| 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 |
| 10 | Al Quwaysimah | Amman – Amir Hassan St | 06-5209000 | 06-4784692 |
| 11 | Marka | Marka – King Abdullah I St. | 06-5209000 | 06-4883665 |
| 12 | Al Jubeiha | Jubeiha – Yajouz St – next to safeway | 06-5209000 | 06-5233379 |
| 13 | Fuhais | Fuhais - Al Hejaz St. | 06-5209000 | 06-4720520 |
| 14 | Wasfi Al Tal | Amman - Wasfi Al Tal St. – Abraj Al Mihania complex | 06-5209000 | 06-5525676 |
| 15 | Suwaifeya | Amman - Galleria Mall – Abdulraheem Hajj Muhammad St. | 06-5209000 | 06-4017608 |
| 16 | Al-Hashmi Al-Shamali | Amman - Al Bathaa St. | 06-5209000 | 06-5057595 |
| 17 | Zarqa | Zarqa – Al Saadeh St. | 06-5209000 | 05-3993290 |
| 18 | Madaba | Madaba – King Abdullah II St. | 06-5209000 | 05-3246931 |
| 19 | Karak | Karak – Amman Main St., Al Thinyah | 06-5209000 | 03-2386967 |
| 20 | Aqaba | Eastern Wehdat – Bin Rushd St. | 06-5209000 | 03-2014166 |
| 21 | Al Salt | Al Salt – Maidan St. | 06-5209000 | 05-3551561 |
| 22 | Muadi | Al Ghour - Der Ala – Main St. | 06-5209000 | 05-3571761 |
| 23 | Irbid | Ibrid – Baghdad St. Al Qairawan Circle | 06-5209000 | 02-7259407 |
| 24 | Al Husn St. | Irbid – Al Husn St. | 06-5209000 | 02-7100477 |
| 25 | Hay Al Sharq Express | Irbid – Hay Al Sharqi – Al Hashmi St. | 06-5209000 | 02-7251761 |
| 26 | Ramtha | Ramtha – Municipality Building, Al-Wihda Al-Arabiyya St. | 06-5209000 | 02-7381857 |
| 27 | Mafraq | Mafraq – East Mafraq, Dr. Khaled Abu Smaqah St. | 06-5209000 | 02-6236679 |
| 28 | Rusaifeh | Zarqa - Ruseifeh–Jabal Al Shamali- King Abdullah II St. | 06-5209000 | 05-3751677 |
| 29 | Dahiyat al Yasmeen | Amman - Dahiyat al Yasmeen, Prince Hashim bin Al Hussein St. | 06-5209000 | 06-4393956 |
| 30 | Dahiya Al Nakheel Express | Amman - Dahiyat Al Nakheel, Ali Salem Al Haiwat St. | 06-5209000 | 06-5712596 |
| 31 | Sports City | Amman - Sports City, Al-Shaheed St. | 06-5209000 | 06-5154170 |
| 32 | Um Uthaina | Amman - Mecca St., Al Thawabet Building | 06-5209000 | 06-5527439 |
| 33 | Abu Sous Express | Amman – Wadi Seir – Abu Al Sous – Al Sana'a St. | 06-5209000 | 06-5811231 |
| 34 | Marj Al Hamam | Amman – Marj Al Hamam – Mohammad Saeed Al Abadi St. – Building 89 | 06-5209000 | 06-5716340 |
| 35 | Tabarbour Express | Amman – Tabarbour – Tabrbour St. – Laimar St. | 06-5209000 | 06-5065404 |

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