

**BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN**

**CONSOLIDATED CONDENSED
INTERIM FINANCIAL STATEMENTS
FOR THE NINE- MONTH
PERIOD ENDED SEPTEMBER 30, 2020
TOGETHER WITH THE
INDEPENDENT AUDITOR'S REVIEW REPORT**

**BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY)
(AMMAN – JORDAN)**

**FOR THE NINE- MONTHPERIOD ENDED SEPTEMBER 30, 2020
(REVIEWED NOT AUDITED)**

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Review Report

**To the Chairman and the Members of the Board of Directors
Bank of Jordan
(Public Shareholding Company)
Amman – Jordan**

We have reviewed the accompanying consolidated condensed interim statement of financial position of **Bank of Jordan – Public Shareholding Company** as of September 30, 2020 and the related consolidated condensed interim statement of profit or loss and other comprehensive income for the three-month period and nine-months period ended September 30, 2020, consolidated condensed interim statement of changes in owners' equity and consolidated condensed interim statement of cash flows for the nine-month period ended September 30, 2020, and notes to the consolidated condensed interim financial statements ('the condensed consolidated interim financial statements'). Management is responsible for the preparation and presentation of these consolidated condensed interim financial statements in accordance with IAS (34) "Interim Financial Reporting" as adopted by Central Bank of Jordan. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

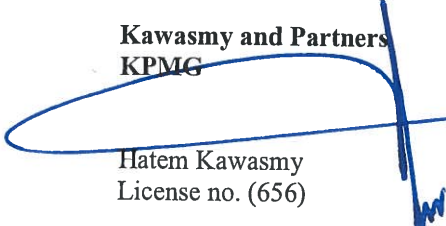
Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (2410) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial statements for **Bank of Jordan - Public Shareholding Company** as at and for the nine-month period ended on September 30, 2020 are not prepared, in all material respects, in accordance with IAS (34) "Interim Financial Reporting" as adopted by Central Bank of Jordan.

Kawasmy and Partners
KPMG



Hatem Kawasmy
License no. (656)

KPMG
Kawasmy & Partners Co.

Amman - Jordan
October 28, 2020

**BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN**

STATEMENT A

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

<i>In Jordanian Dinar</i>		SEPTEMBER 30, 2020 "REVIEWED NOT AUDITED"	DECEMBER 31, 2019 "AUDITED"
	NOTE		
Assets			
Cash and balances with central banks	5	311,228,432	384,396,176
Balances with banks and financial institutions	6	200,392,114	188,323,327
Deposits with banks and financial institutions	7	89,471,463	208,123,765
Financial derivatives		4,047	38,261
Financial assets at fair value through profit or loss		669,298	628,716
Financial assets at fair value through comprehensive income		79,737,571	80,865,636
Direct credit facilities at amortized cost	8	1,455,216,016	1,409,525,437
Financial assets at amortized cost		299,679,590	272,535,799
Property and equipment – Net	9	52,675,025	52,802,587
Intangible assets		6,731,237	5,986,282
Deferred tax assets		21,474,502	22,804,298
Other assets	10	86,960,260	82,071,242
Total Assets		2,604,239,555	2,708,101,526
Liabilities and Owners' Equity			
Liabilities:			
Banks and financial institutions' deposits		80,283,611	151,244,578
Customers' deposits		1,843,215,574	1,919,098,107
Cash margins		122,074,473	120,593,921
Other provisions		5,333,261	5,011,211
Income tax provision	11	12,454,854	23,803,895
Deferred tax liabilities		3,318,102	3,081,065
Borrowed Funds	12	65,214,193	23,667,921
Other liabilities	13	39,715,273	41,493,803
Total Liabilities		2,171,609,341	2,287,994,501
Owners' Equity:			
Equity attributable to the Bank's shareholders			
Paid-up capital		200,000,000	200,000,000
Statutory reserve		93,978,016	94,065,645
Voluntary reserve		46,536	134,165
General banking risks reserve		2,170,726	2,196,491
Special reserve		5,849,743	5,849,743
Foreign currency translation differences		(12,855,520)	(12,268,120)
Fair value reserve		24,379,653	24,954,157
Retained earnings		102,147,535	99,400,640
Profit for the period after income tax		9,361,844	-
Total Equity attributable to the Bank's Shareholders		425,078,533	414,332,721
Non-controlling interests		7,551,681	5,774,304
Total Owners' Equity		432,630,214	420,107,025
Total Liabilities and Owners' Equity		2,604,239,555	2,708,101,526

Board of Director's Chairman

Chief Executive Officer

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE REVIEW REPORT.

**BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN**

STATEMENT B

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
(REVIEWED NOT AUDITED)**

	Note	For the Three-Month Period Ended September 30,		For the Nine-Month Period Ended September 30,	
		2020	2019	2020	2019
		JD	JD	JD	JD
Interest income		32,736,781	40,907,352	103,795,598	120,329,233
Less: Interest expense		6,335,993	11,098,759	23,408,129	32,512,896
Net Interest Income		26,400,788	29,808,593	80,387,469	87,816,337
Commissions Income – Net		5,125,992	5,944,846	15,385,511	17,736,025
Net Interest and Commissions Income		31,526,780	35,753,439	95,772,980	105,552,362
Foreign currencies income		708,062	980,915	1,923,591	2,384,482
Income from financial assets at fair value through profit or loss		8,862	(9,532)	40,582	(18,250)
Cash dividends from financial assets at fair value through comprehensive income		71,163	-	510,741	546,273
Other income		1,000,470	1,720,022	2,482,551	3,854,078
Total Income		33,315,337	38,444,844	100,730,445	112,318,945
Employees expenses		7,714,603	7,727,476	23,527,269	25,598,207
Depreciation and amortization		2,512,082	2,341,728	6,928,884	6,473,257
Other expenses		6,739,882	7,431,476	21,187,834	19,720,838
Expected credit loss expense against financial assets	14	7,071,682	8,393,176	27,616,553	14,727,875
Provision (revised from) for assets foreclosed by the Bank		95,871	(30,111)	60,326	395,435
Other provisions		125,994	87,212	651,909	417,340
Total Expenses		24,260,114	25,950,957	79,972,775	67,332,952
Profit for the period before income tax		9,055,223	12,493,887	20,757,670	44,985,993
Less: Income tax	11	6,439,185	3,180,619	11,742,992	14,491,871
Profit for the Period- Statement (C) and (D)		2,616,038	9,313,268	9,014,678	30,494,122
Attributable to:					
Bank's Shareholders		2,643,780	9,015,738	9,361,844	30,366,603
Non–Controlling Interest		(27,742)	297,530	(347,166)	127,519
		2,616,038	9,313,268	9,014,678	30,494,122
Basic and diluted Earnings per share for the period attributable to the Banks' shareholders	15			Fills/Dinar	Fills/Dinar
				0.047	0.152

Board of Director's Chairman

Chief Executive Officer

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE
CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ
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**BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN**

STATEMENT C

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(REVIEWED NOT AUDITED)**

	For the Three-Month Period		For the Nine-Month Period	
	Ended September 30,		Ended September 30,	
	2020	2019	2020	2019
Profit for the period - Statement (B)	JD 2,616,038	JD 9,313,268	JD 9,014,678	JD 30,494,122
Other comprehensive income items that may be reclassified subsequently to the consolidated condensed interim statement of profit or loss:				
Foreign currencies translation differences	226,543	-	(929,532)	-
	-	-	4,166,531	(13,777)
	226,543	-	3,237,000	(13,777)
Items that will not be reclassified subsequently to the consolidated condensed interim statement of profit or loss:				
(Loss) from sales of financial assets at fair value through comprehensive income	-	-	(39,192)	-
Net Change in fair value for equity instruments included in the financial assets at fair value through comprehensive income- Net after tax	(491,916)	(1,397,255)	310,703	(3,700,339)
	(491,916)	(1,397,255)	271,511	(3,700,339)
Total Consolidated Condensed Interim Comprehensive Income - Statement (D)	2,350,665	7,916,013	12,523,189	26,780,006
Total Comprehensive Income Attributable to:				
The Bank's Shareholders	2,378,408	7,618,483	10,745,812	26,659,391
Non-Controllers' Interest	(27,743)	297,530	1,777,377	120,615
	2,350,665	7,916,013	12,523,189	26,780,006

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE REVIEW REPORT.

BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN

STATEMENT D

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN OWNERS' EQUITY
(REVIEWED NOT AUDITED)

	Reserves							Total Banks' Shareholders' Equity	Non-Controllers' Interest	Total Owner's Equity		
	Authorized and Paid-up Capital	Statutory	Voluntary	General Banking Risks	Special	Foreign Currencies Translation Differences	Fair Value Reserve				Retained Earnings	Profit for the Period
<i>In Jordanian Dinar</i>												
For the Period Ended September 30, 2020												
Balance - Beginning of the Period	200,000,000	94,065,645	134,165	2,196,491	5,849,743	(12,268,120)	24,954,157	99,400,640	-	414,332,721	5,774,304	420,107,025
Foreign currencies translation differences	-	(87,629)	(87,629)	(16,828)	-	(587,400)	-	2,821,475	-	2,041,989	2,124,543	4,166,532
Profit for the Period-Statement (B)	-	-	-	-	-	-	-	-	9,361,844	9,361,844	(347,166)	9,014,678
Realized gain from sale of equity instruments classified as financial assets at fair value through comprehensive income – net after tax	-	-	-	-	-	-	-	-	-	-	-	-
Change in fair value of debt instruments classified as financial assets at fair value through comprehensive income	-	-	-	-	-	-	44,325	(83,517)	-	(39,192)	-	(39,192)
Change in fair value of equity instruments classified as financial assets through comprehensive income – net after tax	-	-	-	-	-	-	(929,532)	-	-	(929,532)	-	(929,532)
Total Comprehensive Income- Statement (c)	-	(87,629)	(87,629)	(16,828)	-	(587,400)	310,703	2,737,958	9,361,844	310,703	1,777,377	310,703
Transfer to reserves	-	-	-	(8,937)	-	-	(574,504)	8,937	-	10,745,812	-	12,523,189
Balance - End of the Period	200,000,000	93,978,016	46,536	2,170,726	5,849,743	(12,855,520)	24,379,653	102,147,535	9,361,844	425,078,533	7,551,681	432,630,214
For the Period Ended September 30, 2019												
Balance - Beginning of the Period	200,000,000	87,947,294	134,330	2,258,450	5,849,039	(12,256,254)	26,668,016	101,289,732	-	411,890,607	5,566,440	417,457,047
Foreign currencies translation differences	-	(166)	(166)	(32)	-	(11,866)	-	5,357	-	(6,873)	(6,904)	(13,777)
Profit for the Period-Statement (B)	-	-	-	-	-	-	-	-	30,366,603	30,366,603	127,519	30,494,122
Net change in fair value for financial assets at fair value through comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income- Statement (c)	-	(166)	(166)	(32)	-	(11,866)	(3,700,339)	5,357	30,366,603	(3,700,339)	120,615	(3,700,339)
Transfer to reserves	-	-	-	(61,928)	704	-	-	61,224	-	26,659,391	-	26,780,006
Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-
Balance - End of the Period	200,000,000	87,947,128	134,164	2,196,490	5,849,743	(12,268,120)	22,967,677	65,356,313	30,366,603	402,549,998	5,687,055	408,237,053

According to the instructions of the regulatory bodies:

- The general banking risks reserve and the special reserve cannot be utilized without prior approval from Palestine Monetary Authority and Central Bank of Jordan.
- Retained earnings include a restricted amount of JD 21,474,502 against deferred tax benefits as of September 30, 2020 (22,804,298 as of December 31, 2019) that according to Central Bank of Jordan instructions, this restricted amount cannot be utilized through capitalization or distribution unless actually realized.
- Retained earnings include an amount of JD 3,302,537 as of September 30, 2020, that represents the effect of early adoption of IFRS (9). These restricted amounts cannot be utilized unless realized through actual sale.
- The fair value reserve cannot be utilized including the capitalization, distribution, write-off losses or any other commercial acts unless realized through actual sale as instructed by Central Bank of Jordan and Jordan Security Commission, the balance of retained earnings include an amount of JD 813,437 as of September 30, 2020, cannot be utilized through dividends distribution to the shareholders or use for any other purposes, without prior approval of central bank of Jordan resulting from application of central bank of Jordan circular No. 10/1/1359 on January 25, 2018. and Central Bank of Jordan circular No. 13/2018 dated June 6, 2018.

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE REVIEW REPORT.

BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASHFLOWS
(REVIEWED NOT AUDITED)

STATEMENT E

	Note	For the Nine-Month Period Ended September 30,	
		2020	2019
		JD	JD
Cash Flows From Operating Activities:			
Profit for the period before tax - Statement (B)		20,757,670	44,985,993
Adjustments for non-cash transaction:			
Depreciation and amortization		6,928,884	6,473,257
Provision of expected credit loss expense	14	27,616,553	14,727,875
(Gains) Loss from sale of property and equipment		(71,232)	38,417
Loss from financial assets at fair value through profit or loss - unrealized		(40,582)	25,212
Financial assets foreclosed by the Bank valuation loss		-	326,702
Effect of exchange rate fluctuations		(1,838,685)	(2,410,836)
Other provisions		651,909	417,340
Provision for assets foreclosed by the Bank		60,326	395,435
Other – Foreign currency exchange differences		(1,620,679)	3,010
Profit before Changes in Assets and Liabilities		52,444,164	64,982,405
Changes in Assets and Liabilities:			
Decrease (Increase) in restricted balances		150,331	(495,472)
Decrease in deposits with banks and other financial institutions (maturing over three months)		118,685,314	4,254,001
(Increase) in financial assets at fair value through profit or loss		-	(481,231)
(Increase) in direct credit facilities		(68,157,074)	(126,064,368)
(Increase) in other assets		(5,124,591)	(9,219,255)
(Decrease) Increase in deposits with banks and other financial institutions (maturing over three months)		(78,167,000)	3,545,000
(Decrease) Increase in customers deposits		(75,882,533)	38,462,537
Increase in cash margins		1,480,552	11,943,837
Increase in borrowed funds		42,099,111	4,009,361
(Decrease) Increase in other liabilities		(4,332,165)	3,709,361
Net Change in Assets and Liabilities		(69,248,055)	(70,336,229)
Net Cash Flows (used in) from Operating Activities before Paid Taxes, and End-of-Service Indemnity Provision		(16,803,891)	(5,353,824)
Paid income tax	11	(21,562,024)	(22,346,996)
Paid from end-of-service indemnity, lawsuits provisions and others		(254,611)	(501,893)
Net Cash flows (used in) from Operating Activities		(38,620,526)	(28,202,713)
Cash Flows From Investing Activities:			
(Purchase) of financial assets at amortized cost		(90,580,412)	(40,291,467)
Maturity of financial assets at amortized cost		61,785,020	28,708,966
(Purchase) of financial assets at fair value through comprehensive income		-	(42,495,341)
Sale of financial assets at fair value through comprehensive income		4,684	-
Maturity (Purchase) of financial derivatives		34,214	4,990
(Purchase) of property and equipment		(5,317,134)	(5,638,605)
Sale of property and equipment		216,889	67,022
(Purchase) of intangible assets		(1,663,773)	(1,099,445)
Net Cash Flows (used in) from Investing Activities		(35,520,512)	(60,743,880)
Cash Flows from Financing Activities:			
Foreign currencies translation differences		4,166,532	(13,777)
Dividends distributed to shareholders		(24,795)	(35,785,836)
Net Cash Flows From (used in) Financing Activities		4,141,737	(35,799,613)
Effect of exchange rate fluctuations on cash and cash equivalents		1,838,685	2,410,836
Net (Decrease) in Cash and Cash Equivalents		(68,160,616)	(122,335,370)
Cash and cash equivalents – beginning of the period		536,573,919	482,731,837
Cash and Cash Equivalents – End of the Period	16	468,413,303	360,396,467

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WITH THEM AND WITH THE REVIEW REPORT.

BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
(REVIEWED NOT AUDITED)

1. General

- Bank of Jordan was established in 1960 as a public shareholding limited company with headquarters in Amman – Jordan. On March 3, 1960, it was registered under number (1983) according to the Companies Law No. 33 for the Year 1962 with an authorized capital of JD 350,000, represented by 70,000 shares at a par value of JD 5 per share. However, the Bank’s authorized and paid-up capital was increased in stages last of which took place in accordance to the resolution of the general assembly in their extraordinary meeting held on April 9, 2016, thus, the Bank’s capital was increased from JD 155/1 million to become JD 200 million for which all of the legal procedures related to it was completed on April 19, 2016.
- The Bank provides all financial and banking services within its scope of activities. Those services are offered through its (78) branches in Jordan, (16) branches in Palestine and the bank branch in the Kingdom of Bahrain and its subsidiaries in Jordan and Syria (Excel for Financial Investments Company, Jordan Leasing Company and Bank of Jordan - Syria).
- The Bank has obtained all necessary approvals from Central Bank of Jordan and the regulatory authorities in Iraq for the establishment of a branch in Iraq. The branch is still in establishment phase.

The accompanying consolidated condensed interim financial statements were approved by the Board of directors in their meeting dated October 28, 2020

2. BASIS OF PREPARATION

- The accompanying consolidated condensed interim financial statements for the Bank and its subsidiaries were prepared in accordance with the International Accounting Standard (IAS 34) “interim financial reporting”, as adopted by Central Bank of Jordan.
The main differences between International Financial Reporting Standards that should be applied and what was adopted by the Central Bank of Jordan are as follows:
 - Expected credit losses allowances are calculated in accordance with the Central Bank of Jordan (CBJ) instructions no. (13/2018) “International Financial Reporting Standard No. (9) Implementation” dated June 6, 2018 and in accordance with the Regulatory authorities instructions in the countries that the Bank operates whichever is more strict, the main significant differences are as follows:
 - Debt instruments issued or guaranteed by the Jordanian government are excluded, so that credit exposures issued or guaranteed by the Jordanian government are treated with no credit losses.
 - When calculating credit losses against credit exposures, the calculation results in accordance to International Financial Reporting Standards (9) are compared with the instructions of the Central Bank of Jordan No. (47/2009) dated December 10, 2009 for each stage separately and the greater results are recorded.
 - In accordance with the instructions of the Central Bank of Jordan and the instructions of the supervisory authorities in the countries in which the bank operates, interest and commissions are suspended on non-performing credit facilities.
 - Assets foreclosed by Bank are presented at the consolidated condensed interim statement of financial position within other assets at the value that has been acquired by the Bank or the fair value, whichever is lower, and are reassessed individually on each consolidated financial statements date, and any impairment in their value is recorded as a loss in the consolidated condensed interim statement of profit or loss but the increase is not recorded, to the extent that it does not exceed the value of the previously recorded impairment. Starting the year 2015, and in accordance with the Central Bank of Jordan Circular No. 15/1/4076 dated March 27, 2014 and Circular No. 10/1/2510 dated February 14, 2017, the Bank has started to calculate gradual provision against the assets foreclosed by the bank in exchange of credit facilities that have been in possession for more than 4 years. Central Bank of Jordan issued Circular No. 10/1/16239 dated November 21, 2019 approving the extension of Circular No. 10/1/2150 dated February 14, 2017, confirming to postpone the provision calculation until the end of year 2020 and amending the second clause of it.
- Additional provisions are calculated in the consolidated condensed interim financial statements against some of the Bank's foreign investments in some neighbouring countries.

BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
(REVIEWED NOT AUDITED)

- The net outcome of the differences between the Central Bank of Jordan instructions and the International Financial Reporting Standards represented by having the Bank to book additional allocations to comply with these instructions.
- The accompanying consolidated condensed interim financial statements were prepared on the historical cost basis except for financial assets at fair value through profit or loss, financial assets at fair value through comprehensive income and financial derivatives which are measured at fair value at the date of the consolidated condensed interim financial statements. The hedged assets and liabilities are stated at fair value. Moreover the financial assets and liabilities are measured at amortized cost.
- The accompanying consolidated condensed interim financial statements are presented in Jordanian Dinar “JD”, being the functional currency of the Bank.
- The accompanying consolidated condensed interim financial statements do not include all the information and disclosures to the financial statements required in the annual financial statements, which are prepared in accordance with International Financial Reporting Standards. Moreover, the results of The Bank's operations for the nine-month period ended on September 30, 2020 do not necessarily represent indications of the expected results for the year ending December 31, 2020. Therefore, these consolidated condensed interim financial statements should be read with the Bank's annual report for the year ended December 31, 2019 and it does not contain the appropriation of profit for the nine-month period ended September 30, 2020 which is performed at the end of the fiscal year.

Basis of Consolidation of the condensed interim financial statements

- The consolidated condensed interim financial information include the financial statements of the Bank and the subsidiary companies controlled by the Bank. Control is achieved whereby the Bank has the power to govern the financial and operating policies of the subsidiaries to obtain benefits from their activities. All intra-group transactions, balances, income, and expenses are eliminated in full.
- The financial statements of the subsidiary companies are prepared for the same financial period of the Bank using the same accounting policies adopted by the Bank. If the accounting policies adopted by the subsidiary companies are different from those used by the Bank, the necessary adjustments to the financial statements of the subsidiary companies are made to comply with the accounting policies used by the Bank.

The Bank has the following subsidiary companies as of September 30, 2020:

<u>Name of Subsidiary</u>	<u>Paid-up Capital</u>	<u>Bank's Ownership Percentage</u>	<u>Subsidiary's Nature of Business</u>	<u>Place of Operation</u>	<u>Acquisition Date</u>
		%			
Excel for Financial Investments Company	JD 3,5 Million	100	Financial Brokerage	Amman	March 23, 2006
Bank of Jordan – Syria*	3,000 Million (Syrian – Lira) value of investment JD 21/9 Million	49	Banking Activities	Syria	May 17, 2008
Jordan Leasing Company	JD 20 Million	100	Finance Lease	Amman	October 24, 2011

- The results of the subsidiary companies are incorporated into the consolidated condensed interim statement of profit or loss from the effective date of acquisition, which The Bank assumes the date on which actual control over the subsidiary in. Moreover, the operating results of the disposed subsidiary are incorporated into the consolidated condensed interim statement of profit or loss up to the effective date of disposal which is the date on which The Bank losses control over the subsidiary companies.
- * The results of Bank of Jordan – Syria have been incorporated in the consolidated condensed interim financial statements due to The Bank's power to govern the financial and operating policies of the subsidiary.
- Non-Controller's interest represents the portion of equity not held by The Bank in the subsidiary.

BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
(REVIEWED NOT AUDITED)

3. Accounting Estimates

Preparation of the consolidated condensed interim financial statements and the application of the accounting policies require the Bank's management to perform assessments and assumptions that affect the amounts of financial assets, financial liabilities, change in fair value reserve and contingent liabilities disclosures. Moreover, these assessments and assumptions affect revenues, expenses, provisions and the changes in fair value reserves in the consolidated condensed interim financial statements and within owner's equity. In particular, this requires the Bank's management to issue significant judgments and assumptions to assess the future cash flows amounts and their timing. Moreover, the before mentioned assessments are necessarily based on assumptions and factors with varying degrees of consideration and uncertainty. In addition, actual results may differ from assessments due to the changes arising from the conditions and circumstances of those assessments in the future.

We believe that the estimates and judgments adopted in the preparation of the consolidated condensed interim financial statements preparation are consistent with the estimates and judgments adopted in the preparation of the annual consolidated financial statement for the year ended December 31, 2019 except for the following:

The Corona Virus (COVID-19) pandemic has spread across different geographical regions of the world, disrupting business and economic activities and caused doubts globally. For which financial and monetary authorities, both domestic and international declared various support measures in all parts of the world to face the potential negative effects, as at the present time there is a significant increase of uncertainty in determining the economic impact that is manifested, for example, in the volume of liquidity and volatility in Assets prices, foreign currency exchange rates, a noticeable decrease in long-term interest rates, an assessment of the significant increase in credit risk and different macroeconomic factors. Accordingly, Bank of Jordan management has closely monitored the situation and has activated its business continuity plan and other risk management practices to manage any potential disruptions that the Corona Virus (COVID -19) outbreak may cause to the Bank's business, operations and financial performance.

Bank of Jordan management has also performed study over the potential impacts of the current economic fluctuations in determining the amounts recognized for the financial and non-financial assets of the Bank, which represents the management best estimates based on the information available, knowing that, given the current situation, as a result the markets remain volatile and the recorded amounts continue to be sensitive to fluctuations.

- Provision for expected credit losses:

The uncertainties caused by the outbreak of the Corona virus (Covid-19) require updating the inputs and assumptions used to determine "expected credit losses" as of September 30, 2020. The expected credit losses were estimated based on a set of expected economic conditions as at that date given the rapid development for the situation, the Bank took into account the effect of high volatility on future macroeconomic factors, when determining the severity and likelihood of economic scenarios to determine expected credit losses. This volatility was reflected by modifying the basic scenarios building methods and weights specific to these scenarios. Future factors used are determined from the statistical distribution of credit cycle index factors, which can be derived from a number of observable historical factors such as risk returns, credit growth, credit margins or assumptions as well as forward looking.

The Bank has updated the macroeconomic factors used in calculating the propability of default to reflect the Corona Virus (COVID-19) pandemic impacts results in coordination with Moody's, which was identified from the statistical distributions of credit cycle index factors. The Bank performs continous studies and reviews over these factors and scenarios.

In addition, Bank of Jordan management has paid particular attention to the impact of the Corona virus (COVID-19) on the qualitative and quantitative factors when determining the significant increase in credit risk and assessing indicators of impairment of risk in potential sectors affected. This has resulted in a decrease in the classification of some credit exposures, recognition of expected credit losses and provisions for impairment as shown in the stated disclosuer No. (8) in consolidated condensed interim financial statements.

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4. Change in Significant Accounting Policies

A. Adoption of the new and Amended International Standards

- The accounting policies adopted in the consolidated condensed interim financial statement are consistent with those adopted for the year ended December 31, 2019 except for the following new and revised standards, which became applicable in January 1st, 2020 as follow:
- Amendments to References to Conceptual Framework in International Financial Reporting Standard (effective January 1st, 2020).
- Amendments to International Accounting Standards (1) and International Accounting Standards (8) “Definition of Material “ (effective January 1st, 2020).
- Amendments to International Financial Reporting Standard (3) “Definition of a Business” (effective January 1st, 2020).
- Amendments to International Financial Reporting Standard (9), International Accounting Standards (39) and International Financial Reporting Standard (7) “Interest Rate Benchmark Reform”.

The adoption of the above standards has not affected the amounts or disclosures in the consolidated condensed interim financial statements.

B. New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations issued but not yet effective have not been applied in preparing these consolidated condensed interim financial statements:

New standards

International Financial Reporting Standard (17) Insurance Contracts (effective January 1st, 2021 with early adoption permitted only to companies that have adopted IFRS 9).

Amendments

- Amendments to International Financial Reporting Standard (10) and International accounting standards (28) Sale or Contribution of Assets between Investor and its Joint Venture (no date specified).
- Amendments to International Accounting Standards (1) Classification of Liabilities as Current or Noncurrent (effective January 1st, 2022)

Management does not expect that there will be a material impact from adopting the above standards upon application.

5. Cash and Balances with Central Banks

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
<i>In Jordanian Dinar</i>		
Cash at vaults	65,734,638	72,423,711
Balances at Central Banks:		
- Current accounts and demand deposits	48,623,034	45,510,029
- Term and notice deposits	107,910,906	95,075,098
- Certificates of deposit	-	69,513,000
- Statutory cash reserve	89,132,459	102,130,953
	<u>311,401,037</u>	<u>384,652,791</u>
<u>Less: Expected credit loss</u>	<u>(172,605)</u>	<u>(256,615)</u>
	<u><u>311,228,432</u></u>	<u><u>384,396,176</u></u>

- Statutory cash reserve amounted to JD 89,132,459 as of September 30, 2020 (JD 102,130,953 as of December 31, 2019).

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- Except for the statutory cash reserve, restricted balances amounted to JD 2,275,906 as of September 30, 2020 (JD 2,440,098 as of December 31, 2019).
- Time and notice deposit include JD 10,635,000 maturing within a period exceeding three months as of September 30, 2020 (JD 10,635,000 As of December 31, 2019).
- The Expected credit losses allowance was not calculated in accordance with the requirements of the International Financial Reporting Standard (9) on the Central Bank of Jordan balances as at September 30, 2020 and December 31, 2019 which is in accordance with the Central Bank of Jordan Instructions No.13/2018 regarding the implantation of International Financial Reporting Standard No. (9).

6. Balances with Banks and Financial Institutions

This item consists of the following:

	<u>Local Banks and Financial Institutions</u>		<u>Foreign Banks and Financial Institutions</u>		<u>Total</u>	
	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2020</u>	<u>December 31, 2019</u>
In Jordanian Dinar						
Current accounts and demand deposits	-	-	153,247,895	121,074,922	153,247,895	121,074,922
Deposits maturing within 3 months or less	-	48,376,500	47,225,230	18,874,863	47,225,230	67,251,363
	-	<u>48,376,500</u>	<u>200,473,125</u>	<u>139,949,785</u>	<u>200,473,125</u>	<u>188,326,285</u>
Less: Expected credit loss	-	(263)	(81,011)	(2,695)	(81,011)	(2,958)
	-	<u>48,376,237</u>	<u>200,392,114</u>	<u>139,947,090</u>	<u>200,392,114</u>	<u>188,323,327</u>

- Non-interest-bearing balances at banks and financial institutions amounted to JD 46,683,397 as of September 30, 2020 (JD 20,497,643 as of December 31, 2019).
- Restricted balances at banks and financial institutions amounted to JD 3,037,209 as of September 30, 2020 (JD 3,023,348 as of December 31, 2019).

7. Deposits with banks and financial institutions

This item consists of the following:

	<u>Local Banks and Financial Institutions</u>		<u>Foreign Banks and Financial Institutions</u>		<u>Total</u>	
	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2020</u>	<u>December 31, 2019</u>
In Jordanian Dinar						
Deposits maturing within 3 to 6 months	-	25,000,000	564,000	11,007,225	564,000	36,007,225
Deposits maturing within 9 months to 1 year	-	-	-	2,051,089	-	2,051,089
Deposits maturing within more than 1 year	89,000,000	146,085,000	-	24,106,000	89,000,000	170,191,000
	<u>89,000,000</u>	<u>171,085,000</u>	<u>564,000</u>	<u>37,164,314</u>	<u>89,564,000</u>	<u>208,249,314</u>
Less: Expected credit loss	(92,410)	(88,612)	(127)	(36,937)	(92,537)	(125,549)
	<u>88,907,590</u>	<u>170,996,388</u>	<u>563,873</u>	<u>37,127,377</u>	<u>89,471,463</u>	<u>208,123,765</u>

- There are no restricted deposits as of September 30, 2020 and December 31, 2019.

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8. Direct Credit Facilities at Amortized Cost

This item consists of the following:

<i>In Jordanian Dinar</i>	September 30, 2020	December 31, 2019
Individual (Retail Customers):	548,652,643	488,438,680
Overdraft accounts	14,569,218	12,835,949
Loans and discounted bills*	509,620,261	451,086,250
Credit cards	24,463,164	24,516,481
Real estate loans	253,028,840	238,577,717
Corporate:	658,607,664	681,832,288
Large corporate customers	399,625,952	438,140,685
Overdraft accounts	72,052,185	74,961,948
Loans and discounted bills*	327,573,767	363,178,737
SMEs	258,981,712	243,691,603
Overdraft accounts	55,463,143	55,061,893
Loans and discounted bills*	203,518,569	188,629,710
Government and public sector	140,032,023	122,691,256
Total	1,600,321,170	1,531,539,941
<u>Less: expected credit loss provision</u>	(134,503,305)	(112,104,787)
<u>Less: Interest in suspense</u>	(10,601,849)	(9,909,717)
Net Direct Credit Facilities at amortized cost	1,455,216,016	1,409,525,437

- * Net of interest and commission received in advance amounting to JD 16,514,282 as of September 30, 2020 (JD 17,143,660 as of December 31, 2019).
- Credit facilities at stage 3 amounted to 133,150,121 representing (8/3%) of the direct credit facilities balance as of September 30, 2020 (JD 114,630,680 representing (7/5%) as of December 31, 2019).
 - Credit facilities at stage 3 after deducting the suspended interest amounted to JD 122,548,272 representing (7/7%) of direct credit facilities after deducting the suspended interest as of September 30, 2020 (JD 104,723,259 representing (6/9%) as of December 31, 2019).
 - Credit facilities granted to and guaranteed by the Jordanian Government amounted to JD 22,509,558 representing (1/41%) of total direct credit facilities as of September 30, 2020 (JD 32,598,476 representing (2/13%) as of December 31, 2019), Moreover, credit facilities granted to the public sector in Palestine amounted to JD 41,645,129 as of September 30, 2020 (JD 46,734,985 as of December 31, 2019), Facilities granted to foreign governments amounted to JD 12,483,363 as of September 30, 2020.

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Total direct credit facilities credit stages distribution during the period/year as follows:
In Jordanian Dinar

Item	Stage One		Stage Two		Total
	Level	Collective Level	Level	Collective Level	
For the period ended September 30, 2020					
Balance at the beginning of the period	663,999,644	619,153,135	100,655,921	33,100,561	1,531,539,941
New facilities During the period	69,429,937	99,348,319	956,330	2,576,269	3,660,671
Facilities paid	(37,238,389)	(32,145,110)	(3,581,981)	(1,461,647)	(78,283,617)
	696,191,192	686,356,344	98,030,270	34,215,183	1,629,227,850
Transfer to Stage One	54,260,526	15,258,429	(53,831,630)	(14,687,843)	(999,482)
Transfer to Stage Two	(47,371,034)	(32,521,734)	47,399,891	33,983,512	(1,490,635)
Transfer to Stage Three	(14,079,772)	(2,199,727)	(4,216,878)	(3,883,777)	24,380,154
The effect of changes in classification between the three stages during the period	(8,919,397)	(414,659)	(1,354,367)	355,823	225,613
Changes due to the adjustments	(12,995,157)	10,276,809	(457,587)	6,865	1,750,688
Debt settlement	-	-	-	-	-
Adjustment due to exchange rates fluctuations	(8,212,611)	(102,174)	(3,866,352)	(49,096)	(5,151,078)
Balance at the End of the Period	658,873,747	676,653,288	81,703,347	49,940,667	1,600,321,170
<i>In Jordanian Dinar</i>					
Item	Stage One		Stage Two		Total
	Level	Collective Level	Level	Collective Level	
For the year ended December 31, 2019					
Balance at the beginning of the year	820,264,824	591,291,301	43,835,749	27,975,928	1,575,118,770
New facilities During the year	68,770,402	116,221,082	3,055,428	2,970,455	3,209,553
Facilities paid	(30,476,769)	(53,502,298)	(2,810,105)	(1,822,183)	(8,723,295)
	858,558,457	654,010,085	44,081,072	29,124,200	1,672,011,040
Transfer to Stage One	23,345,623	10,772,363	(23,345,623)	(9,724,840)	(1,047,523)
Transfer to Stage Two	(103,952,073)	(20,996,081)	104,496,747	22,978,514	(2,527,107)
Transfer to Stage Three	(19,079,422)	(7,322,366)	(6,191,098)	(7,864,391)	40,457,277
The effect of changes in classification between the three stages during the year	10,372,676	(1,000,688)	(17,211,679)	(936,607)	(4,888,808)
Changes due to the adjustments	(105,236,383)	(16,309,974)	(1,165,024)	(473,819)	(1,731,953)
Written off: Balances	-	-	-	-	(1,861,964)
Adjustment due to exchange rates fluctuations	(9,234)	(204)	(8,474)	(2,496)	(6,468)
Balance at the End of the Year	663,999,644	619,153,135	100,655,921	33,100,561	1,531,539,941

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- The movement on the expected credit loss provision at collective level during the period/year was as follows:

<i>In Jordanian Dinar</i> Item	Stage One		Stage Two		Total
	Individual Level	Collective Level	Individual Level	Collective Level	
For the period ended September 30,2020					
Balance at the beginning of the period	2,033,638	5,357,779	11,796,862	984,202	112,104,787
Credit loss on new balances during the period	491,584	1,177,045	34,055	101,240	7,606,260
Expected credit loss reversal of matured facilities	(85,515)	(223,932)	(1,623,328)	(13,345)	(5,233,690)
	2,439,707	6,310,892	10,207,589	1,072,097	114,477,357
Transfer to Stage One	582,248	530,870	(502,636)	(148,958)	-
Transfer to Stage Two	(129,962)	(267,022)	156,054	995,238	-
Transfer to Stage Three	(10,728)	(27,320)	(32,669)	(45,220)	-
Effect on the provision as a result of classification changes between the three stages during the period	(243,277)	(352,492)	244,746	204,150	19,935,780
Changes due to the adjustments	92,1042	1,988,431	278,614	(345,141)	248,946
Debt settlement	-	-	-	-	(67,976)
Adjustment due to exchange rates fluctuations	(1,844)	(5,160)	(39,551)	(20,710)	(2,719,610)
Balance at the End of the period	3,557,186	8,178,199	10,312,147	1,711,456	134,503,305

<i>In Jordanian Dinar</i> Item	Stage One		Stage Two		Total
	Individual Level	Collective Level	Individual Level	Collective Level	
For the year ended December 31,2019					
Balance at the beginning of the year	1,745,391	4,086,242	14,672,544	1,114,957	97,004,644
Credit loss on new balances during the year	314,666	1,023,407	169,370	814,799	14,418,874
Expected credit loss reversal of matured facilities	(97,125)	(323,776)	(3,655,207)	(445,454)	(19,058,661)
	1,962,932	4,785,873	11,186,707	1,484,302	92,364,857
Transfer to Stage One	108,131	1,072,667	(108,131)	(267,918)	-
Transfer to Stage Two	(238,181)	(138,858)	564,872	1,666,490	-
Transfer to Stage Three	(37,908)	(54,344)	(86,832)	(285,474)	-
Effect on the provision as a result of classification changes between the three stages during the year	(56,276)	(987,629)	207,575	(1,461,077)	21,593,183
Changes due to the adjustments	294,991	680,074	32,894	(152,121)	(778,467)
Written off- Balances	-	-	-	-	(1,555,947)
Adjustment due to exchange rates fluctuations	(51)	(4)	(223)	-	481,439
Balance at the End of the year	2,033,638	5,357,779	11,796,862	984,202	112,104,787

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Expected credit loss provision:

The following is the movement on the expected credit loss provision against direct credit facilities :

<i>In Jordanian Dinar</i>	September 30, 2020					
	Individual (Retail Customers)	Real Estate Loans	Corporates		Government and Public sector	Total
			Large Corporate Customers	SMEs		
Balance at the beginning of the Period	36,194,481	7,134,274	42,395,693	26,037,867	342,472	112,104,787
Impairment loss of new facilities during the period	3,821,190	1,389,303	995,394	1,232,977	167,396	7,606,260
Reversed from impairment loss of the settled balances	(1,598,488)	(331,180)	(2,148,020)	(1,144,843)	(11,159)	(5,233,690)
	38,417,183	8,192,397	41,243,067	26,126,001	498,709	114,477,357
Transfer to Stage One	-	-	-	-	-	-
Transfer to Stage Two	-	-	-	-	-	-
Transfer to Stage Three	-	-	-	-	-	-
Effect on the provision as a result of classification changes between the three stages during the period	3,574,483	151,610	14,006,204	2,056,610	-	19,788,907
Changes due to the adjustments	1,049,090	673,463	687,540	552,210	129,589	3,091,892
Debt settlement	(67,976)	-	-	-	-	(67,976)
Adjustment due to exchange rates fluctuations	(168,718)	(83,297)	(2,175,310)	(359,550)	-	(2,786,875)
Balance at the End of the period	42,804,062	8,934,173	53,761,501	28,375,271	628,298	134,503,305
Distributed as follow:						
Provision on individual level	95,728	1,640,948	53,608,596	27,862,719	628,298	83,836,289
Provision on collective level	42,708,334	7,293,225	152,905	512,552	-	50,667,016
Balance at the End of the Period	42,804,062	8,934,173	53,761,501	28,375,271	628,298	134,503,305

<i>In Jordanian Dinar</i>	As of December 31, 2019					
	Individual (Retail Customers)	Real Estate Loans	Corporates		Government and Public sector	Total
			Large Corporate Customers	SMEs		
Balance at the beginning of the Year	29,508,935	6,150,599	39,872,490	21,268,030	204,590	97,004,644
Impairment loss of new facilities during the Year	9,626,128	1,125,767	2,539,558	1,116,262	11,159	14,418,874
Reversed from impairment loss of the settled balances	(7,598,587)	(1,383,027)	(7,575,493)	(2,501,554)	-	(19,058,661)
	31,536,476	5,893,339	34,836,555	19,882,738	215,749	92,364,857
Transfer to Stage One	-	-	-	-	-	-
Transfer to Stage Two	-	-	-	-	-	-
Transfer to Stage Three	-	-	-	-	-	-
Effect on the provision as a result of classification changes between the three stages during the year	4,370,096	1,062,844	6,819,728	9,340,515	-	21,593,183
Changes due to the adjustments	241,454	178,180	611,314	(1,936,138)	126,723	(778,467)
Written off- Balances	(87,682)	-	-	(1,468,265)	-	(1,555,947)
Adjustment due to exchange rates fluctuations	134,137	(89)	128,096	219,017	-	481,161
Balance at the End of the Year	36,194,481	7,134,274	42,395,693	26,037,867	342,472	112,104,787
Distributed as follow:						
Provision on individual level	168,410	1,456,259	42,249,329	25,544,883	342,472	69,761,353
Provision on collective level	36,026,071	5,678,015	146,364	492,984	-	42,343,434
Balance at the End of the Year	36,194,481	7,134,274	42,395,693	26,037,867	342,472	112,104,787

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Interest in Suspense:

The following is the movement on the interest in suspense:

<i>In Jordanian Dinar</i>	September 30, 2020				
	Individual (Retail Customers)	Real Estate Loans	Corporates		Total
			Large Corporate Customers	SMEs	
Balance at the Beginning of the Period	1,977,386	1,251,133	2,700,185	3,981,013	9,909,717
Add: Interest suspended during the Period	310,829	311,007	(148,015)	422,913	896,734
Less: Interest in suspense reversed to revenues	(172,184)	-	(13,370)	(19,048)	(204,602)
Balance at the End of the Period	2,116,031	1,562,140	2,538,800	4,384,878	10,601,849

<i>In Jordanian Dinar</i>	December 31, 2019				
	Individual (Retail Customers)	Real Estate Loans	Corporates		Total
			Large Corporate Customers	SMEs	
Balance at the Beginning of the Year	1,955,428	966,577	2,286,197	3,666,265	8,874,467
Add: Interest suspended during the year	207,268	541,503	602,034	861,393	2,212,198
Less: Interest in suspense reversed to revenues	(149,508)	(256,947)	(188,046)	(276,430)	(870,931)
Facilities Classified to off balance sheet	(35,802)	-	-	(270,215)	(306,017)
Balance at the End of the Year	1,977,386	1,251,133	2,700,185	3,981,013	9,909,717

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9. Property and Equipment-Net

The details of this item are as follows:

<i>In Jordanian Dinar</i>	<u>September 30, 2020</u>	<u>December 31, 2019</u>
Property and equipment (A)	37,022,844	36,599,614
Right of use assets (B)	15,652,181	16,202,973
Balance at the end of the period	<u>52,675,025</u>	<u>52,802,587</u>

A. The additions during the period ended September 30, 2020 amounted to JD 5,317,134 (JD 5,638,605 during the period ended September 30, 2019); the depreciation expense for the period amounted to JD 3,575,693 as of September 30, 2020 (JD 3,469,261 for the period ended September 30, 2019).

B. The additions during the period ended September 30, 2020 amounted to JD 1,919,293 (JD 3,658,756 during the period ended September 30, 2019); the depreciation expense for the period amounted to JD 2,470,085 as of September 30, 2020 (JD 2,257,913 for the period ended September 30, 2019).

10. Other Assets

The details of this item are as follows:

<i>In Jordanian Dinar</i>	<u>September 30, 2020</u>	<u>December 31, 2019</u>
Accrued interest income	8,455,639	13,059,915
Prepaid expenses	5,510,104	3,408,442
Assets foreclosed by the Bank in repayment of non-performing debts*	55,499,816	53,844,537
Clearance cheques	4,142,663	3,697,797
Advanced payments on the acquisition of lands and real estates	1,583,483	1,049,107
Prepaid tax expenses	3,555,534	1,619,294
Accounts receivables and other debit balances	8,213,021	5,392,150
	<u>86,960,260</u>	<u>82,071,242</u>

* The following is the movement on the assets foreclosed by the Bank in repayment of non-performing debts:

<i>In Jordanian Dinar</i>	<u>Foreclosed Assets</u>	
	<u>For the Nine- Month Period Ended September 30, 2020</u>	<u>For the Year Ended December 31, 2019</u>
Balance - Beginning of the Period /Year	64,202,177	59,991,327
Additions	3,304,608	4,993,591
Disposals	(1,587,941)	(782,741)
Foreign currencies differences	(1,062)	-
Balance at the end of the Period/Year	65,917,782	64,202,177
Impairment provision against assets foreclosed by the Bank	(10,417,966)	(10,357,640)
Balance - End of the Period / Year	<u>55,499,816</u>	<u>53,844,537</u>

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- According to the Jordanian Banks' Law, buildings and plots of lands foreclosed by the Bank in repayment of debts from clients should be sold within two years from the foreclosure date. However, the Central Bank of Jordan may extend this period for two more years in exceptional cases.
- In accordance with the Central Bank of Jordan Circular No. 10/1/4076 dated March 27, 2014 and Circular No. 10/1/2510 dated February 14, 2017 the bank has started in 2015 to calculate gradual provision against the assets foreclosed by the bank in exchange of credit facilities that have been in possession for more than 4 years. Central Bank of Jordan issued Circular No. 10/1/16239 dated November 21, 2019 approving the extension of Circular No. 10/1/2150 dated February 14, 2017, in which it confirmed postponing the provision calculation until the end of year 2020 and amending the second clause of it.

11. Income Tax

Income tax provision

The movement on the income tax provision is as follows:

<i>In Jordanian Dinar</i>	September 30, 2020	December 31, 2019
Balance - Beginning of the Period / Year	23,803,895	21,978,685
Income tax paid	(21,562,024)	(23,151,663)
Accrued Income tax	10,212,983	24,976,873
Balance - End of the Period / Year	12,454,854	23,803,895

Income tax in the consolidated condensed interim statement of profit or loss represents the following:

<i>In Jordanian Dinar</i>	For the Nine-Month Period Ended on September 30,	
	2020	2019
Income tax on current period's profit	10,212,983	18,338,305
Income tax on prior periods	200,213	-
Deferred tax assets for the period-addition	(2,022,842)	(4,965,089)
Amortization of deferred tax assets	3,352,638	1,118,655
	11,742,992	14,491,871

The legal income tax rate in Jordan is 38% for banks, knowing that the legal income tax rate in Palestine in which the bank has investments and branches is 15%, and in Syria (a subsidiary company) 25% and subsidiaries in Jordan 28%.

- A final settlement was reached with the Income and Sales Tax Department in Jordan up to the end of 2017, and the bank submitted its annual tax returns for the years 2014, 2018 and 2019 and paid the required amounts according to the law, however no final settlement was reached with the Income and Sales Tax Department for those years yet, noting that Income and Sales Tax Department requests the bank with tax differences for the year 2014 in the amount of JD 2.9 Million, which have been duly contested, the bank filed a case against the Income and Sales Tax Department in this regard, in which the Court of Cassation issued a decision obligating the bank to pay about JD 1.3 Million, and the bank recorded the necessary related provisions. In the opinion of management and its legal and tax advisors, the bank will not have any obligations in excess of the provisions that were booked in the consolidated condensed interim financial statements.

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- A final settlement was reached with the Income tax and VAT departments on the results of the bank's operations in Palestine until the end of the year 2018, In the opinion of management and its tax advisor current booked provisions are sufficient to pay the tax obligations.
- A final settlement was reached with the Income and Sales Tax Department in Jordan with regard to Excel for Financial Investments Company (Subsidiary) until the end of year 2018 except for year 2016. the company submitted its tax return for the years 2016 to 2019 and paid related taxes but still not reviewed by the Income and Sales Tax Department Yet, In the opinion of management and its tax advisor current booked provisions are sufficient to pay the tax obligations.
- A final settlement was reached with the Income and Sales Tax Department in Jordan with regard to Jordan Leasing Company (Subsidiary) until the end of year 2017, with regard to year 2018 the company submitted its tax return for the year 2018 and 2019 and paid related taxes but still not reviewed by the Income and Sales Tax Department Yet, In the opinion of management and its tax advisor current booked provisions are sufficient to pay the tax obligations.
- The Bank calculated the accrued income tax for the year ended September 30, 2020 for the Bank and its subsidiary Companies and external branches. In the opinion of the management and its tax consultant, the balance is sufficient to meet the tax commitments as of that date.

12. Borrowed Funds

The details of this item are as follows:

<i>In Jordanian Dinar</i>		Number of Installments		Periodic Installments Maturity	Collaterals	Price of Borrowing Interest
September 30, 2020	Amount JOD	In Total	The Remaining			
Borrowing from the Central Bank of Jordan*	43,932,652	24-108	17-76	Monthly	Treasury bonds and bills	0%-1%
Rent lease liability**	14,191,541	745	468	Semi annually and annually	None	5.75%
Borrowing from Foreign bank***	7,090,000	1	1	One time	None	LIBOR +3 Months
Total	<u>65,214,193</u>					

<i>In Jordanian Dinar</i>		Number of Installments		Periodic Installments Maturity	Collaterals	Price of Borrowing Interest
December 31, 2019	Amount JOD	In Total	The Remaining			
Borrowing from the Central Bank of Jordan*	8,923,541	24-113	4-83	Monthly	Treasury Bonds and bills	1%-1.75%
Rent lease liability**	14,744,380	685	530	Quarter, Semi-annually and annually	None	5.75%
Total	<u>23,667,921</u>					

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- * The above amounts were repaid to the bank's customers within the SME and large companies at interest rates ranging from 2% to 4.25%.
- The borrowings are of fixed interest and there is no variable interest borrowings and the interest-free borrowings amounts 33,328,700 as of September 30, 2020 and while there is no interest – free borrowing as of December 31, 2019.

**** Lease liability – Against right of use of assets – leased :**

<i>In Jordanian Dinar</i>	September 30, 2020	December 31, 2019
Maturities analysis - contractual undiscounted cash flows		
Less than one year	3,228,046	3,282,125
Year to five years	9,584,774	9,617,803
More than five years	7,534,097	6,220,674
Total undiscounted lease liabilities	20,346,917	19,120,602
Lease commitments included in the statement of financial position		
Within one year	2,347,720	2,535,281
More than one year	11,843,821	12,209,099

*** This amount represent a borrowing from a foreign bank that will be settled on one payment on February 18, 2021 and the interest is calculated at (LIBOR+ 3 months).

13. Other Liabilities

The details of this item are as follows:

<i>In Jordanian Dinar</i>	September 30, 2020	December 31, 2019
Accrued interest payable	4,867,646	10,391,002
Accepted cheques	8,749,978	7,250,887
Temporary deposits	4,575,373	4,198,390
Dividends payable	2,158,479	2,183,274
Deposits on safe boxes	173,557	175,355
Sold real estate margins	272,700	37,000
Provision for expected credit loss against indirect credit facilities *	10,256,930	10,206,853
Other liabilities	8,660,610	7,051,042
	39,715,273	41,493,803

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* Indirect credit facilities balances off balance sheet distribution at collective level during the period/year was as follows:

<i>In Jordanian Dinar</i>	Item	As of September 30, 2020					
		Stage One		Stage Two		Stage Three	Total
		Individual	Collective	Individual	Collective		
	Balance at the Beginning of the period	546,467,533	48,633,570	53,033,126	637,617	12,604,062	661,375,908
	New facilities during the period	21,557,540	4,076,383	435,789	7,649	-	26,077,361
	Facilities paid	(104,429,938)	(229,627)	(14,889,572)	(3,404)	(1,218,389)	(120,770,930)
		463,595,135	52,480,326	38,579,343	641,862	11,385,673	566,682,339
	Transferred to stage one	25,884,672	355,564	(25,884,672)	(355,564)	-	-
	Transferred to stage two	(28,624,573)	(498,724)	28,624,573	498,724	-	-
	Transferred to stage three	(3000)	(107,352)	(91,407)	(71,224)	272,983	-
	The effect of changes in classification between the three stages during the period	(6,847,802)	301,798	(1,286,231)	21,650	(202,233)	(8,012,818)
	Changes resulting from modification	9,479,847	11,767,204	450,852	30,602	-	21,728,505
	Written -off facilities	-	-	-	-	-	-
	Adjustment due to exchange rates fluctuations	(2,271,644)	-	(1,406,733)	-	(1,198)	(3,679,575)
	Balance at the End of the period	461,212,635	64,298,816	39,985,725	766,050	11,455,225	576,718,451

<i>In Jordanian Dinar</i>	Item	As of December 31, 2019					
		Stage One		Stage Two		Stage Three	Total
		Individual	Collective	Individual	Collective		
	Balance at the Beginning of the year	532,580,827	47,291,301	34,362,854	336,561	10,281,213	624,852,756
	New facilities during the year	107,937,964	13,285,761	14,855,234	130,293	1	136,209,253
	Facilities paid	(104,605,202)	(213,343)	(760,813)	(3,213)	(319,886)	(105,902,457)
		535,913,589	60,363,719	48,457,275	463,641	9,961,328	655,159,552
	Transferred to stage one	31,131,081	289,567	(31,127,573)	(289,567)	(3,508)	-
	Transferred to stage two	(39,174,613)	(591,048)	39,210,397	591,048	(35,784)	-
	Transferred to stage three	(8,222,396)	(192,937)	(473,946)	(22,488)	8,911,767	-
	The effect of changes in classification between the three stages during the year	(7,342,536)	272,724	(2,412,563)	(158,189)	(6,229,739)	(15,870,303)
	Changes resulting from modification	34,168,314	(11,508,455)	(620,288)	53,172	6	22,092,749
	Written -off facilities	-	-	-	-	-	-
	Adjustment due to exchange rates fluctuations	(5,906)	-	(176)	-	(8)	(6,090)
	Balance at the End of the Year	546,467,533	48,633,570	53,033,126	637,617	12,604,062	661,375,908

* Expected credit loss provision distribution against indirect credit facilities at collective level during the period/year was as follows

<i>In Jordanian Dinar</i>	Item	As of September 30, 2020					
		Stage One		Stage Two		Stage Three	Total
		Individual	Collective	Individual	Collective		
	Balance at the Beginning of the period	1,259,826	635,663	465,483	7,912	7,837,969	10,206,853
	Credit loss on new exposures during the period	81,724	64,895	3,848	270	394,888	545,625
	Impairment loss over accrued exposures	(106,693)	(9,464)	(153,444)	(68)	(972,938)	(1,242,607)
		1,234,857	691,094	315,887	8,114	7,259,919	9,509,871
	Transferred to stage one	190,648	4,465	(190,648)	(4,465)	-	-
	Transferred to stage two	(67,540)	(7,414)	68,108	7,414	(568)	-
	Transferred to stage three	(65)	(1,850)	(2,025)	(877)	4,817	-
	Effect on the provision at the end of the period – as a result of classification changes between the three stages during the period	(155,902)	5,142	265,904	9,271	43,407	167,822
	Changes due to the adjustments	183,246	333,903	33,029	7,207	192	557,577
	Written -off facilities	-	-	-	-	-	-
	Adjustment due to exchange rates fluctuations	22,724	-	(843)	-	(221)	21,660
	Balance at the End of the Period	1,407,968	1,025,340	489,412	26,664	7,307,546	10,256,930

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<i>In Jordanian Dinar</i>	Item	As of December 31, 2019					
		Stage One		Stage Two		Stage Three	Total
		Individual	Collective	Individual	Collective		
	Balance at the Beginning of the year	1,010,512	400,636	541,438	2,958	5,642,941	7,598,485
	Credit loss on new exposures during the year	188,608	153,730	203,007	1,711	616,864	1,163,920
	Impairment loss over accrued exposures	(130,574)	(3,232)	(4,493)	(36)	(104,490)	(242,825)
		1,068,546	551,134	739,952	4,633	6,155,315	8,519,580
	Transferred to stage one	518,256	2,693	(518,080)	(2,693)	(176)	-
	Transferred to stage two	(101,033)	(5,175)	121,361	5,175	(20,328)	-
	Transferred to stage three	(21,056)	(1,727)	(2,684)	(200)	25,667	-
	Effect on the provision at the end of the year – as a result of classification changes between the three stages during the period	(469,070)	5,693	122,164	314	1,678,271	1,337,372
	Changes due to the adjustments	264,206	83,045	2,770	683	(776)	349,928
	Written -off facilities	-	-	-	-	-	-
	Adjustment due to exchange rates fluctuations	(23)	-	-	-	(4)	(27)
	Balance at the End of the Year	1,259,826	635,663	465,483	7,912	7,837,969	10,206,853

14. Provision for Expected Credit Loss on Financial Assets

<i>In Jordanian Dinar</i>	For the Nine-Month Period	
	Ended September 30,	
	2020	2019
Cash with central banks	49,579	(68,503)
Balances with banks and financial institutions	79,794	(494)
Deposits at banks and financial institutions	(33,012)	2,047
Debt instruments at fair value through comprehensive income- debt securities	586,805	173,825
Direct credit facilities at amortized cost	25,253,369	13,357,597
Financial assets at amortized cost	1,651,601	44,210
Indirect credit facilities	28,417	1,219,193
	27,616,553	14,727,875

15. Earnings per Share from Profit for the Period

The details of this item are as follows:

<i>In Jordanian Dinar</i>	For the Nine-Month Period	
	Ended September 30,	
	2020	2019
Profit for the period (Bank's shareholders)	9,361,844	30,366,603
Weighted average number of shares	200,000,000	200,000,000
Earnings per share (Bank's shareholders):		
Basic/ Dilluted	0.047	0.152

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16. Cash and Cash Equivalents

The details of this item are as follows:

<i>In Jordanian Dinar</i>	<u>September 30,</u>	
	<u>2020</u>	<u>2019</u>
Cash and balances with central banks maturing within 3 months	300,766,037	270,010,113
<u>Add:</u> Balances with banks and other financial Institutions maturing within 3 months	200,473,125	110,419,953
<u>Less:</u> Banks and financial institutions' deposits maturing within 3 months	(27,512,744)	(14,751,039)
Restricted balances	(5,313,115)	(5,282,560)
	<u>468,413,303</u>	<u>360,396,467</u>

17. Capital Management

Capital Components:

- **Paid-up Capital:**

The paid-up capital of Bank of Jordan consists of (200) million ordinary shares at a nominal value of 1 JD per share. The Bank maintains capital, statutory reserves, and retained earnings to meet the growth in its operations and the requirements of branching locally and regionally.

- **Regulatory Capital:**

Regulatory capital is considered a control tool according to the requirements of regulatory authorities and Basel (III) for the purposes of achieving control over the adequacy of capital and the ratio of regulatory capital to risky and weighted assets and market risk. Regulatory capital consists of:

- (Paid-up capital, legal reserve, voluntary reserve, and retained earnings).
- (Undisclosed reserves, general banking risks reserve, special reserve subordinated debts, and the positive fair value reserve at 100% and deduct regulatory adjustments according Basel III).
- Foreign currency translation differences.

- **Regulatory Authorities' Requirements:**

The regulatory authorities' instructions entail that the minimum capital shall be JD (100) million. Moreover, banks have been requested to increase their capital adequacy ratio to no less than 14.50% according to the Central Bank of Jordan instructions. The ratio of owners' equity to total risk weighted assets must not be less than 6%.

The ratio of owners' equity to total assets (financial leverage ratios) must not be less than 4%.

- **Achieving the Objectives of Capital Management:**

The Bank's management aims at achieving the capital management objectives through developing (enhancing) the Bank's activities, achieving a surplus in operating profits and revenues, and optimally investing available funds. All of this is geared towards reaching the targeted growth in owners' equity through the increase in the compulsory reserve at 10% of the profits earned, voluntary reserve at 20%, and retained earnings.

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The organizational capital and capital adequacy according to Basel III was as follows:

<i>In Jordanian Dinar</i>	In Thousands of JD	
	September 30, 2020	December 31, 2019
<u>Regulatory capital for ordinary shares holders (CETI):</u>		
Subscribed and paid-up capital	200,000	200,000
Statutory reserve	93,978	94,066
Voluntary reserve	47	134
Other reserves	5,850	5,850
Fair value reserve	24,380	24,954
Retained earnings	71,032	95,285
Profit for the period	16,340	
Minority interest in the capital of subsidiaries	2,915	3,432
<u>Less: Regulatory capital adjustments</u>	<u>(41,063)</u>	<u>(41,059)</u>
Total Primary Capital for ordinary shareholders (CETI)	<u>373,479</u>	<u>382,662</u>
<u>Additional Capital Items</u>		
Provision balance against debt instruments included in (Stage 1) not exceeding 1.25% of total risk weighted assets	16,364	9,870
General banking risk reserve	2,171	2,196
Total additional capital	<u>18,535</u>	<u>12,066</u>
Total regulatory capital	<u>392,014</u>	<u>394,728</u>
Total risk weighted assets	<u>2,046,573</u>	<u>2,155,969</u>
Capital adequacy ratio (%)	<u>%19,15</u>	<u>%18,31</u>
Regulatory capital for ordinary shareholders (CETI) (%)	<u>%18,25</u>	<u>%17,75</u>

18. Information on the Bank's Business Segments

1. The Bank's business segments are:

The Bank is organized for management purposes in a manner that allows measurement of its segments according to reports used by its Chief Executive Officer and main decision-makers through the following main segments:

- Retail Banking: includes following up on individual customers' accounts, granting them loans, credit, credit cards, and other services.
- Corporate Banking: includes following up on deposits, credit facilities, and other banking services pertinent to corporate customers.
- Treasury: includes providing dealing and treasury services and management of the Bank's funds.
- Financial Brokerage Services: includes providing purchase and sale of customers' portfolios on their behalf, custody of investments, financial consultations, custody service, and management of initial public offerings.

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Information about Bank business segments distributed in accordance with the activities is as follows:

	Total							
	Individual (Retail Customers)	Corporation	Treasury	Financial Brokerage	Other	For the nine Months ended September 30:	2020	2019
In Jordanian Dinar								
Total Revenues	41,955,584	41,688,819	16,904,350	210,560	(28,868)		100,730,445	112,318,945
(Reversal) provision for a assets foreclosed by the Bank provision	(5,980,546)	(19,358,674)	(2,310,996)	990	32,673		(27,616,553)	(14,727,875)
Segments operations results	35,975,038	22,330,145	14,593,354	211,550	3,805		73,113,892	97,591,070
Other expenses	(31,343,303)	(15,421,170)	(3,145,186)	(151,342)	(2,295,221)		(52,356,222)	(32,605,077)
Profit before tax	4,631,735	6,908,975	11,448,168	60,208	(2,291,416)		20,757,670	44,985,993
Income tax	(1,565,847)	(7,354,640)	(2,880,680)	(9,535)	67,710		(11,742,992)	(14,491,871)
Net profit for the period	3,065,888	(445,665)	8,567,488	50,673	(2,223,706)		9,014,678	30,494,122
Other information								
Capital Expenditures	1,901,399	207,310	5,539	93,716	3,109,170		5,317,134	5,638,605
Depreciation and amortization	4,268,305	203,271	6,371	17,012	2,433,925		6,928,884	4,215,344
In Jordanian Dinar								
Total Assets	702,594,102	775,655,348	568,929,638	2,226,902	554,833,565		2,604,239,555	2,708,101,526
Total Liabilities	1,583,648,255	387,081,190	137,440,331	208,239	63,231,326		2,171,609,341	2,287,994,501

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2. Information about Geographical Distribution:

This item represents the geographical distribution of the Bank's activities. The Bank conducts its activities mainly in Jordan, representing local activities. Additionally, the Bank performs international activities in Middle East, Europe, Asia, United States, Far East, which represent, international operation.

The following is the geographical distribution of the Bank's revenues, assets, and capital expenses according to geographical location:

<i>In Jordanian Dinar</i>	<u>Inside the Kingdom</u>		<u>Outside the Kingdom</u>		<u>Total</u>	
	<u>September 30</u>		<u>September 30</u>		<u>September 30</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Total Revenues	101,009,728	120,749,289	35,246,276	24,447,337	136,256,004	145,196,626
Capital Expenditures	4,647,050	4,684,529	670,084	954,076	5,317,134	5,638,605

<i>In Jordanian Dinar</i>	<u>Inside the Kingdom</u>		<u>Outside the Kingdom</u>		<u>Total</u>	
	<u>September 30,</u>	<u>December 31,</u>	<u>September</u>	<u>December</u>	<u>September 30,</u>	<u>December 31,</u>
	<u>2020</u>	<u>2019</u>	<u>30, 2020</u>	<u>31, 2019</u>	<u>2020</u>	<u>2019</u>
Total Assets	1,895,355,578	1,963,880,915	708,883,977	744,220,611	2,604,239,555	2,708,101,526

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19. Related parties Transactions

Within its normal activities, the Bank entered into transactions with its major shareholders, members of the Board of Directors, executive management and the associate Company at the commercial rates of interest and commission. Moreover, all loans and advances with related parties are performing, and no provision for probable credit losses has been taken thereon. The following are summaries of balances and transactions with related parties during the period:

<i>In Jordanian Dinar</i>	<u>Related party</u>					<u>Total</u>	
	<u>Subsidiaries*</u>	<u>Board of Directors Members</u>	<u>Executives Management</u>	<u>Staff Provident Fund</u>	<u>Other Parties</u>	<u>September 30,</u>	<u>December 31,</u>
						<u>2020</u>	<u>2019</u>
Consolidated Statement of Financial Position Items:							
Assets:							
Investments	45,415,294	-	-	-	-	45,415,294	45,415,294
Credit Facilities	-	1,437,731	905,935	-	1,938,788	4,282,454	45,864,185
Deposits	671,789	-	-	-	-	671,789	799,195
Cash Margins	3,982,000	-	-	-	-	3,982,000	3,982,000
Liabilities:							
Customer Deposits	12,080,189	871,623	3,529,044	2,125,363	49,497,454	68,103,673	143,604,775
Bank Deposits	8,732,991	-	-	-	-	8,732,991	8,799,342
Borrowed funds	3,591,847	-	-	-	-	3,591,847	3,679,102
Off-Statement of financial position Items							
Letters of guarantee	882,790	300	-	-	5,907,536	6,790,626	8,542,344
Letters of credits and Acceptances	-	-	-	-	2,572,799	2,572,799	3,391,097
						Total	
						For the Nine Month period ended	
						2020	2019
						JD	JD
Consolidated Statement of Profit or Loss Items:							
Credit interest and commission	9,163	80,601	33,439	203	195,407	318,813	2,749,223
Debit interest and commission	610,967	15,187	56,436	19,977	2,329,261	3,031,829	4,987,293

Interest rates:

- Credit interest rates against facilities in JOD range from 1.5% (represent the minimum price for interest margin against 100% cash margin) to 9.25%.
- No Credit interests in foreign currency.
- Debit interest rates for JOD range from 0.0025% to 5.75%.
- Debit interest rates for foreign currency range from 0.05%. To 1.05%

- * Balances and transactions with subsidiary companies are excluded from the consolidated financial statements, but presented for clarification purposes only.
- Investment in subsidiary - syria shown at cost, noting that the bank has accounted for this investment impairment in its records.
- Related parties number that have been granted facilities is 41 customers as of September 30,2020.

Bank's Executive Management Salaries and Remunerations Summary is as follows

<i>In Jordanian Dinar</i>	<u>For the Nine period ended</u>	
	<u>2020</u>	<u>2019</u>
Salaries and benefits	1,778,073	2,043,866
Transportation and board secretary	13,500	13,500
Board of directors membership, transportation and bonuses	387,338	454,080
Total	2,178,911	2,511,446

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20. Fair Value Hierarchy

A. The fair value of financial assets and financial liabilities of the Bank specified at fair value on an ongoing basis:

Some financial assets and liabilities of the Bank are evaluated at fair value at the end of each fiscal period, the following table shows the information about how to determine the fair value of these financial assets and liabilities (evaluation methods and inputs used).

Financial Assets/Financial Liabilities	Fair Value		The Level of Fair Value	Evaluation Method and Inputs Used	Important Intangible Inputs	The Relationship Between Fair Value and the Important Intangible Inputs
	September 30, 2020	December 31, 2019				
	JD	JD				
Financial Assets at Fair Value						
Financial Assets at Fair Value Through Income Statement						
Shares that have an available market price	545,140	512,720	Level One	Stated Rates in financial markets Financial Statements issued by companies	Does Not Apply	Does Not Apply
Shares that do not have an available market price	124,158	115,996	Level Two			
Total	669,298	628,716				
Financial Assets at Fair Value through Comprehensive Income						
Shares that have available market price	51,404,459	50,794,195	Level One	Stated Rates in financial markets Financial Statements issued by companies	Does Not Apply	Does Not Apply
Shares that do not have available market price	3,964,428	4,161,453	Level Two			
Bonds that have available market price	24,368,684	25,909,988	Level One	Stated Rates in financial markets	Does Not Apply	Does Not Apply
Total	79,737,571	80,865,636				
Forward Contracts (Foreign Currency)	4,047	38,261	Level One	Stated Rates in financial markets	Does Not Apply	Does Not Apply
Total	4,047	38,261				

There were no transfers between level 1 and level 2 during the third quarter of 2020.

B. The fair value of financial assets and financial liabilities of the Bank (non-specific fair value on an ongoing basis):

Except as detailed in the table below, we believe that the carrying amount of financial assets and liabilities shown in the consolidated condensed interim financial statements of the Bank approximate their fair value, because the Bank's management believes that the carrying value of the items is equivalent to the fair value, and this is due to either short-term maturity interest rates that have been repricing during the year.

In Jordanian Dinar	September 30, 2020		December 31, 2019		The Level of Fair Value
	Book Value	Fair Value	Book Value	Fair Value	
Financial Assets of non-specified Fair Value					
Balances at central banks	245,666,399	245,679,824	312,229,080	312,241,852	Level Two
Balances at banks and financial institutions	200,473,125	200,474,023	188,326,285	188,476,380	Level Two
Deposits at banks and financial institutions	89,564,000	90,885,637	208,249,314	213,803,299	Level Two
Loans, bills and other	1,433,773,460	1,437,706,140	1,364,163,670	1,367,341,050	Level Two
Financial assets at amortized cost	301,529,823	304,361,776	272,734,431	276,726,076	Level Two
Total Financial Assets of non-specified Fair Value	2,271,006,807	2,279,107,400	2,345,702,780	2,358,588,657	
Financial Liabilities of non-specified Fair Value					
Deposits at banks and financial institutions	80,283,611	80,405,234	151,244,578	152,150,581	Level Two
Customers' deposits	1,843,215,574	1,847,987,118	1,919,098,107	1,928,585,706	Level Two
Cash insurance	122,074,473	122,096,149	120,593,921	120,598,195	Level Two
Total Financial Liabilities of Non-specified Fair Value	2,045,573,658	2,050,488,501	2,190,936,606	2,201,334,482	

The fair value for the financial assets and liabilities for the level 2 and level 3 were determined in accordance to agreed pricing models, which reflects the credit risk of the parties that are dealing with it.

(C) Non-Financial Assets and Liabilities not Measured at Fair Value but its in fair Value disclosed in the Consolidated Financial Statements:

Other assets	September 30, 2020		December 31, 2019		The Level of Fair Value
	Book Value	Fair Value	Book Value	Fair Value	
	JD	JD	JD	JD	
	65,917,782	102,351,463	64,202,177	110,857,621	Level Two
	65,917,782	102,351,463	64,202,177	110,857,621	

The above items set out the fair value of non-financial assets that are determined on the basis of prices of similar instruments in an inactive market.

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21. Commitments and Contingent Liabilities

A- Contingent Liabilities:

<i>In Jordanian Dinar</i>	<u>September 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
	<u>JD</u>	<u>JD</u>
Letters of credit	40,659,942	69,214,211
Acceptances	18,868,989	19,349,139
Letters of guarantee:		
Payment	34,994,239	36,787,251
Performance	50,383,435	51,317,006
Other	26,753,743	26,308,755
Un-utilized direct and indirect credit facilities limits	405,058,103	458,399,546
Total	<u>576,718,451</u>	<u>661,375,908</u>

- The provision for expected credit losses on off-balance sheet items (unfunded) amounted to JD 10,256,930 as of September 30, 2020 (JD 10,206,853 as of December 31, 2019).

B- Contractual Obligations:

<i>In Jordanian Dinar</i>	<u>2020</u>	<u>2019</u>
Contracts for purchasing of property and equipment*	3,329,897	3,417,296
Contracts for operating and financing lease**	14,191,541	14,744,380
Total	<u>17,521,438</u>	<u>18,161,676</u>

* These commitments mature in less than 1 year.

** These commitments mature between 1 year to 10 years.

22. Lawsuits against the Bank

The Bank is a defendant in lawsuits demanding cancellation of the Bank's claims against others, lifting of real estate mortgages, compensation for damages, and non-cashing of cheques. These lawsuits amounted to JD7,868,821 as of September 30, 2020 (JD 19,113,597 as of December 31, 2019). In the opinion of the management and legal counsel, no material financial liability is likely to be incurred as a result of these lawsuits in excess of provision recorded which amounted to JD 842,683 as of September 30, 2020 (JD 863,478 as of December 31, 2019). However, amounts that will probably be paid by the Bank as a result of dismissal or amicable settlement of these lawsuits will be taken to the consolidated condensed interim Statement of profit or loss or against the recorded provision when paid.