

JORDAN ISLAMIC BANK

PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

30 JUNE 2021

JORDAN ISLAMIC BANK
PUBLIC SHAREHOLDING COMPANY
AMMAN - JORDAN

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**REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF JORDAN ISLAMIC BANK – PUBLIC SHAREHOLDING COMPANY
AMMAN - JORDAN**

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of **JORDAN ISLAMIC BANK** (the “Bank”) and its subsidiaries (the “Group”) as at 30 June 2021, comprising of interim condensed consolidated statement of financial position as at 30 June 2021 and the related interim condensed consolidated income statement, comprehensive income, changes in shareholders’ equity, cash flows and sources and uses of funds of Al Qard Al Hasan Fund for the six months period then ended. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance to accounting policies mentioned in note (2) of the interim condensed consolidated financial statements. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information 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 Accounting and Auditing Standards for Islamic Financial Institutions 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 interim condensed consolidated financial statements are not prepared, in all material aspects, in accordance with the accounting policies described in Note (2) to the interim condensed consolidated financial statements.

Ernst & Young / Jordan

Amman – Jordan
26 July 2021



JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF 30 JUNE 2021 (UNAUDITED)

STATEMENT (A)

	Notes	30 June 2021 JD (Unaudited)	31 December 2020 JD (Audited)
<u>Assets</u>			
Cash and balances with central bank	4	975,367,092	828,778,523
Balances at banks and financial institutions	5	48,102,294	50,600,540
Investment accounts at banks and financial institutions	6	2,829,950	-
Wakala Bil Istithmar Accounts	7	35,296,775	35,252,012
Deferred sales receivables and other receivables –net	8	2,715,245,153	2,590,162,404
Ijarah Muntahia Bittamleek assets – net	9	752,710,364	705,745,523
Financing – net	10	34,623,209	33,157,539
Financial assets at fair value through owner's equity – self-financed	11	18,572,090	12,975,052
Financial assets at fair value through joint investment accounts holders' equity	12	33,173,128	36,883,870
Financial assets at amortized cost	13	171,787,645	195,873,199
Investments in associates		9,059,259	8,316,058
Investments in real estate	14	127,803,009	107,608,263
Al Qard Al Hasan – net		72,937,276	77,503,021
Property and equipment – net		93,342,582	94,554,705
Intangible assets		3,920,616	3,153,822
Right of use assets		13,112,814	12,656,099
Other assets	15	43,516,231	51,278,229
Total Assets		5,151,399,487	4,844,498,859
<u>Liabilities, Joint Investment Accounts Holders' Equity, Non-controlling interests and Owner's Equity</u>			
<u>Liabilities</u>			
Banks and financial institutions' accounts		64,259,636	66,792,542
Customers' current and on demand accounts	16	1,379,772,568	1,265,246,862
Cash margins		53,185,624	51,423,067
Accounts payable		2,374,347	1,441,976
Other provisions		13,661,700	14,052,116
Income tax provision	17 A	17,201,596	26,142,445
Deferred tax liabilities		2,003,063	1,770,260
Lease obligations		12,780,351	12,396,749
Other liabilities	18	44,794,594	36,774,199
Total Liabilities		1,590,033,479	1,476,040,216


The accompanying notes from (1) to (40) form an integral part of these interim condensed consolidated financial statements

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 JUNE 2021 (UNAUDITED)

STATEMENT (A)

	Notes	30 June 2021 JD (Unaudited)	31 December 2020 JD (Audited)
Joint Investment Accounts Holders' Equity			
Unrestricted investment accounts	19A	3,024,845,396	2,842,574,747
Investment accounts holders' reserve in subsidiaries and associates	19B	14,771,016	15,761,428
Fair value reserve – net	20A	8,114,639	5,246,821
Provision for contingent liabilities	20E	781,611	1,284,360
Deferred tax liabilities		4,973,488	3,215,793
Total Joint Investment Accounts Holders' Equity		3,053,486,150	2,868,083,149
Non-controlling interests	19B	40,387	41,206
Total joint investment accounts holders' equity and non-controlling interest		3,053,526,537	2,868,124,355
Provision for future expected risks	21A	25,980,009	25,980,009
Equity			
Owner's equity			
Paid-in capital		200,000,000	200,000,000
Statutory reserve		101,261,327	101,261,327
Voluntary reserve		45,472,758	45,472,758
Fair value reserve	20D	3,268,155	2,888,319
Retained earnings		100,747,370	124,731,875
Profit for the period after tax		31,109,852	-
Total Owner's Equity – Bank's shareholders		481,859,462	474,354,279
Total Liabilities, Joint Investment Accounts Holders' Equity, Non-Controlling Interests and Owner's Equity		5,151,399,487	4,844,498,859
Accounts Managed for Others:			
Restricted investments		55,707,994	49,097,937
Al Wakala Bi Al Istithmar (Investments portfolio)		478,321,185	448,498,162
Al Wakala Bi Al Istithmar		83,103,557	84,438,487


 General Manager


 Chairman

The accompanying notes from (1) to (40) form an integral part of these condensed consolidated interim financial statements

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2021 (UNAUDITED)

STATEMENT (B)

	Notes	For the three months Ended 30 June		For the Six months Ended 30 June	
		2021	2020	2021	2020
		JD (Unaudited)	JD (Unaudited)	JD (Unaudited)	JD (Unaudited)
Deferred sales revenues	22	36,136,326	32,840,300	71,964,987	68,082,456
Financing revenues	23	125,656	121,430	250,513	238,621
Gain from financial assets at fair value through joint investment accounts holders' equity	24	638,513	488,507	1,891,814	488,507
Gain from financial assets at amortized cost	25	1,091,023	1,772,473	4,867,029	5,072,200
Dividends from subsidiaries and associates	26	448,200	377,120	2,119,804	1,754,479
Revenues from Investments in real estate	27	556,159	84,786	840,286	342,460
Revenues from Ijarah Muntahia Bittamleek assets		11,715,322	10,555,711	22,548,830	20,664,037
Revenues from other investments		406,486	111,882	754,110	819,040
Revenues of Joint Investment Accounts		51,117,685	46,352,209	105,237,373	97,461,800
Net income of subsidiaries		3,596	301,419	(79,446)	427,715
Share of (loss) profit from investments in associates		(228,871)	(129,945)	421,783	394,486
Total Revenues of Joint Investment Accounts		50,892,410	46,523,683	105,579,710	98,284,001
Deposits guarantee fees investment accounts holders'		(1,186,722)	(1,091,282)	(2,377,086)	(2,182,564)
Share of unrestricted investment accounts holders'	28	(15,972,415)	(11,619,521)	(31,016,642)	(25,000,953)
Share of investment accounts holders' from income of subsidiaries		(4,001)	(301,402)	78,633	(427,686)
Share of non-controlling interests' from income of subsidiaries		405	(17)	813	(29)
Share of loss (profit) from investments in associates		228,871	129,945	(421,783)	(394,486)
Bank's share of the joint investment accounts revenues as					
Mudarib and Rab Mal	29	33,958,548	33,641,406	71,843,645	70,278,283
Bank's self-financed revenues	30	217,838	9,599	223,642	15,017
Bank's share of restricted investments revenues as Mudarib		137,439	39,168	188,681	97,285
Bank's share of restricted investments revenues as Wakeel		3,801,193	2,835,645	3,851,683	2,884,377
Banking services revenues		5,511,720	5,442,397	11,001,415	10,254,614
Foreign currency gain		534,463	507,377	1,100,113	972,848
Other income		648,371	418,564	1,031,236	689,914
Gross Income		44,809,572	42,894,156	89,240,415	85,192,338
Employees expenses		(9,153,913)	(9,119,159)	(22,283,819)	(21,868,606)
Depreciation and amortization		(2,008,581)	(1,992,735)	(4,140,221)	(3,995,841)
Other expenses		(5,955,648)	(6,503,512)	(13,152,821)	(14,678,673)
Expected credit loss-self		-	(714,020)	-	(714,020)
Total Expenses		(17,118,142)	(18,329,426)	(39,576,861)	(41,257,140)
Profit Before Income Tax		27,691,430	24,564,730	49,663,554	43,935,198
Income tax	17B	(10,491,284)	(9,294,000)	(18,553,702)	(16,667,000)
Profit After Income Tax for the Period		17,200,146	15,270,730	31,109,852	27,268,198
		JD / FILS	JD / FILS	JD / FILS	JD / FILS
Basic Earnings per Share for the Period	31	0/086	0/076	0/156	0/136

General Manager

Chairman

The accompanying notes from (1) to (40) form an integral part of these interim condensed consolidated financial statements

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2021 (UNAUDITED)

STATEMENT (C)

	For the Three Months Ended 30 June		For the Six Months Ended 30 June	
	2021	2020	2021	2020
	JD	JD	JD	JD
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit after income tax for the period	17,200,146	15,270,730	31,109,852	27,268,198
Comprehensive income, net after Tax:				
Change in fair value reserve of financial assets – net	531,411	(528,803)	379,836	96,242
Profits (losses) from sale of financial assets at fair value through comprehensive income - Self	15,495	(23,316)	15,495	(23,316)
Total comprehensive income for the period	17,747,052	14,718,611	31,505,183	27,341,124

The accompanying notes from (1) to (40) form an integral part of these interim condensed consolidated financial statements

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2021 (UNAUDITED)

STATEMENT (D)

	Paid-in Capital	Statutory Reserve	Voluntary Reserve	Fair Value Reserve *	Retained Earnings**	Profit for the Period	Total
	JD	JD	JD	JD	JD	JD	JD
For the six months ended 30 June 2021							
Balance at 1 January 2021	200,000,000	101,261,327	45,472,758	2,888,319	124,731,875	-	474,354,279
Profit for the period after tax	-	-	-	-	-	31,109,852	31,109,852
Profits from sale of financial assets at fair value through shareholders' equity-self ***	-	-	-	(15,495)	15,495	-	-
Change in fair value reserve	-	-	-	395,331	-	-	395,331
Total of comprehensive income for the period after tax	-	-	-	379,836	15,495	31,109,852	31,505,183
Dividends	-	-	-	-	(24,000,000)	-	(24,000,000)
Balance at 30 June 2021	200,000,000	101,261,327	45,472,758	3,268,155	100,747,370	31,109,852	481,859,462

* The fair value reserve balance of JD 3,268,155 as at 30 June 2021 is restricted from use.

** An amount of JD 1,000,000 from retained earnings, which was transferred from general banking risk reserve, is restricted from use without prior approval from the Central Bank of Jordan.

*** The General Assembly approved on 22 April 2021 the distribution of cash dividends to shareholders at a rate of 12% from the paid in capital of JD 200 million/ share, amounted to JD 24 million through distribution from the retained earnings.

The accompanying notes from (1) to (40) form an integral part of these condensed consolidated interim financial statements

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2021 (UNAUDITED)

STATEMENT (D)

	Paid-in Capital	Statutory Reserve	Voluntary Reserve	Fair Value Reserve *	Retained Earnings**	Profit for the Period	Total
	JD	JD	JD	JD	JD	JD	JD
For the six months ended 30 June 2020							
Balance at 1 January 2020	200,000,000	92,879,300	37,093,762	2,236,401	89,394,545	-	421,604,008
Profit for the period after tax	-	-	-	-	-	27,268,198	27,268,198
Losses from sale of financial assets at fair value through shareholders' equity - self	-	-	-	23,316	(23,316)	-	-
Change in fair value reserve	-	-	-	72,926	-	-	72,926
Total comprehensive income for the period after tax	-	-	-	96,242	(23,316)	27,268,198	27,341,124
Balance at 30 June 2020	200,000,000	92,879,300	37,093,762	2,332,643	89,371,229	27,268,198	448,945,132

* The fair value reserve balance of JD 2,332,643 as at 30 June 2020 is restricted from use.

** An amount of JD 1,000,000 from retained earnings, which was transferred from general banking risk reserve, is restricted from use without prior approval from the Central Bank of Jordan

The accompanying notes from (1) to (40) form an integral part of these interim condensed consolidated financial statements

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
AS OF 30 JUNE 2021 (UNAUDITED)

STATEMENT (E)

	Notes	For The Six Months Ended on 30 June	
		2021	2020
		JD (Unaudited)	JD (Unaudited)
Cash flows from operating activities			
Profit before tax		49,663,554	43,935,198
Adjustments for non-monetary items:			
Depreciations and amortizations		4,140,221	3,995,841
Costs of lease obligations		338,677	349,062
Investment risk fund tax provision		-	(1,450,853)
Provision for expected credit losses for contingent liabilities		998,992	
Provision for expected credit losses-self		-	714,020
Gain on sale of property and equipment		(4,808)	(3,890)
Exchange rates effect on cash and cash equivalents		(735,495)	(569,104)
Profit before change in assets and liabilities		54,401,141	46,970,274
Change in Assets and Liabilities:			
Increase in investment accounts at banks and financial institutions for more than 3 months		(2,836,000)	(19,143,000)
Increase in deferred sales receivables and other receivables		(126,524,886)	(131,875,269)
Increase in financing		(1,322,371)	(78,878)
Increase in Ijara muntahia bitamleek assets		(46,964,841)	(28,230,920)
Decrease (increase) in Al Qard Al Hasan		4,164,158	(33,155,807)
Increase in other assets		(4,759,679)	(4,207,013)
Increase in current and on demand accounts		114,525,706	8,780,702
Increase in accounts payable		932,371	259,694
Increase in cash margins		1,762,557	3,923,047
Increase in other liabilities		8,020,395	19,373,484
Net change in assets and liabilities		(53,002,590)	(184,353,960)
Net cash flows from (used in) operating activities before tax		1,398,551	(137,383,686)
Taxes paid	17A	(27,494,551)	(23,862,692)
Payment of lease obligations		(1,222,908)	(1,167,571)
Net Cash Flows used in Operating Activities		(27,318,908)	(162,413,949)
Cash flows from Investment Activities			
Proceeds from sale of financial assets at fair value through owner's equity-self		59,209	103,781
Purchase of financial assets at fair value through equity-self		-	(201)
Proceeds from sale of financial assets at fair value through joint investment accounts holders' equity		3,948,626	1,104,499
Purchase of financial assets at fair value through joint investment account holders equity		(1,672,623)	(144,454)
Purchase of financial assets at amortized cost – net		(22,384,926)	(14,389,238)
Proceeds from sale of financial assets at amortized cost- net		46,618,695	22,262,299
Proceeds from sale of investment in real estates		1,442,497	321,791
Purchase of investment in real estates		(883,841)	(519,690)
Acquisition cost of investment in subsidiaries		(1,071,604)	-
Acquired repossessed assets		(8,182,587)	(440,895)
Proceeds from sale of repossessed assets		595,778	1,711,310
Proceeds from sale of property and equipment		4,822	5,483
Purchase of property and equipment		(1,539,107)	(2,571,108)
Purchase of intangible assets		(1,360,890)	(298,361)
Net cash flows from Investment Activities		15,574,049	7,145,216
Cash Flow from Financing Activities			
Increase in unrestricted investment accounts holders' equity		181,608,712	27,976,275
Dividends Distributed		(24,000,000)	-
Net Cash Flow from Financing Activities		157,608,712	27,976,275
Net Increase (decrease) in Cash and Cash Equivalents		145,863,853	(127,292,458)
Exchange rates effect on cash and cash equivalents		735,495	569,104
Cash and cash equivalents at the beginning of the period		812,686,923	971,483,065
Cash and Cash Equivalents at end of period	32	959,286,271	844,759,711

The accompanying notes from (1) to (40) form an integral part of these interim condensed consolidated financial statements

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF SOURCES AND USES OF FUNDS OF AL QARD
AL HASAN FUND AS OF 30 JUNE 2020 (UNAUDITED)**

STATEMENT (F)

	30 June 2021 JD (Unaudited)	31 December 2020 JD (Audited)
Beginning balance for the period / year	81,208,965	20,114,216
Sources of the Fund:		
Central bank account/ Al Qard Al Hasan Fund		
Sources the Bank is authorized to use	60,254,049	64,908,095
Sources outside the Bank	35,648,802	32,911,572
Total sources of the fund's assets for the period / year	<u>2,009,806</u>	<u>1,934,535</u>
	97,912,657	99,754,202
Uses of the Fund:		
Education	240,045	1,465,015
Medical treatment	224,500	831,884
Marriage	292,750	570,170
Overdraft accounts	7,580,387	11,238,735
Social advances for the Bank's employees	1,065,580	2,478,683
Central Bank of Jordan Program For Facing Corona Pandemic & Med-term agreement	7,300,430	63,055,499
Total uses for the period / year	<u>16,703,692</u>	<u>79,639,986</u>
Settled for the period / year	<u>(20,867,850)</u>	<u>(18,545,237)</u>
Ending balance for the period / year	<u>77,044,807</u>	<u>81,208,965</u>
Less: Provision for expected credit loss – self	<u>(4,107,531)</u>	<u>(3,705,944)</u>
Ending balance for the period / year– net	<u>72,937,276</u>	<u>77,503,021</u>

The accompanying notes from (1) to (40) form an integral part of these condensed consolidated interim financial statements

(1) General Information

Jordan Islamic Bank (the "Bank") was established as a public shareholding company on 28 November 1978 pursuant to the provisions of the Companies Law No. (12) Of 1964, Head Office is located in Amman.

The Bank offers banking, financial and investment services on an interest-free basis in compliance with the rules and principles of the Islamic Sharia through its Head Office, 83 branches and 25 banking offices in the Kingdom as well as its subsidiaries. The Bank's transactions are governed by the applicable Bank's Law.

Jordan Islamic Bank shares are listed in Amman Stock Exchange -Jordan.

The interim condensed consolidated financial statements were authorized for issue by the Bank's Board of Directors in their No.5 meeting held on 27 July 2021.

(2) Significant Accounting Policies

2-1 Basis of Preparation of the Interim Condensed Consolidated Financial Statements:

The accompanying interim condensed consolidated financial statements of the Bank and its subsidiaries financed from the Bank's funds and the joint investment funds have been prepared in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), and in the absence of Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions relating to financial statements items, the International Financial Reporting Standards and related interpretations are applied in conformity with the Shari'a standards, pending the promulgation of Islamic Standards therefor.

The Bank complies with applicable local laws and the instructions and regulations of the Central Bank of Jordan.

The interim condensed consolidated financial statements are prepared on the historical cost basis except for the financial assets at the fair value through owners' equity and the financial assets at the fair value through the joint investment account holder's equity, financial assets at amortized cost and held for use investment in real estate.

The interim condensed consolidated financial statements have been presented in Jordanian Dinars (JD) which is the functional currency of the Bank.

The interim condensed consolidated financial statements do not contain all information and disclosures for annual consolidated financial statements prepared in accordance with Sharia' rules and principles determined by the Bank's Sharia Supervisory Board and in accordance with Financial Accounting Standards issued by Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and it shall be read in conjunction with the Bank's annual report as of 31 December 2020. In addition, the results for the three months period ended 30 June 2021 do not necessarily indicate the expected results for the year ended 31 December 2021 and no appropriation was made for the six months profits ended 30 June 2021 since it is made at year-end.

2-2 Basis of consolidation of the interim condensed consolidated financial statements:

The interim condensed consolidated financial statements include the financial statements of the Bank and its subsidiaries financed from the Bank's funds and the joint investment funds and subject to the Bank's control. Control exists when the Bank has power to govern the financial and operating policies of subsidiaries in order to obtain benefit from their activities. The transactions, balances, revenues and expenses between the Bank and its subsidiaries are eliminated.

The financial statements of subsidiaries are prepared for the same reporting period as the Bank, using consistent accounting policies.

The results of subsidiaries operations are consolidated in the interim condensed consolidated Income Statement from the acquisition date, being the date the Bank obtains control over subsidiaries. The results of operations for disposed subsidiaries shall be consolidated in the interim condensed consolidated statements of income until the date of disposal, which is the same date on which the Bank's loses control over subsidiaries.

The non-controlling interests represent the portion not owned by the Bank or by the unrestricted Investment accounts of the subsidiaries owners' equity.

Investments in subsidiaries are accounted for at cost when the Bank issues separate financial statements.

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 2021 (UNAUDITED)

The Bank owns the following subsidiaries as of 30 June 2021:

Company Name	Paid in capital JD	Bank's ownership	Nature of Business	Country of Incorporation	Acquisition Date
Omariah Schools Company Ltd.	16,000,000	99.8%	Education	Amman	1987
Al Samaha Financing and Investment Company Ltd.	12,000,000	100%	Financing	Amman	1998
Future Applied Computer Technology Company Ltd	5,000,000	100%	Services	Amman	1998
Sanabel Al-Khair for Financial Investments Company Ltd.	5,000,000	100%	Brokerage	Amman	2005

2-3 Changes in Accounting Policies:

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Bank's annual consolidated financial statements for the year ended 31 December 2020, except that the Bank has adopted the following new standards:

FAS 31 Investment Agency (Al-Wakala Bi Al-Istithmar)

This standard defines the accounting principles and reporting requirements for investment agency (Al-Wakala Bi Al-Istithmar) transactions and financial instruments, in the hands of both the principal and the agent.

The standard requires the investor to evaluate the nature of the investment as either:

A- Pass-through Investment

A pass-through investment is an investment in which the involvement of the Wakeel, as well as, the options for transferability of the instrument are limited and the investor principally takes a direct exposure on the underlying assets. An investor shall apply the pass-through investment approach for its investments in an investment agency instruments; unless it opts to apply the wakala venture approach.

Under this approach, the investor shall initially recognize the assets underlying the wakala arrangement in its books of account applying the initial recognition principles as applicable in line with respective FAS.

B- Wakala Venture Approach

The Muakkil may opt to apply the wakala venture approach if, and only if, the Wakala contract meets any of the following conditions (transferable and negotiable, the nature of the investment requires that changes be made periodically to the invested assets, and the participation of the Wakeel is not limited as in the by-pass investment approach).

Under this approach, an investment shall be accounted for in the books of the Muakkil applying the "equity method of accounting"; where the investment shall be recognized initially at cost and subsequently shall be measured at the end of the financial period at carrying amount and shall be adjusted to include the Muakkil's share of profit or loss of the wakala venture.

From the Wakeel perspective, the standard requires that at inception of the transaction the Wakeel shall recognize Wakala Bi Al Istithmar under the off-balance sheet approach since the wakeel does not control and bare these assets' risks and losses / related business.

Financial Accounting Standard FAS 32 (Ijarah)

This standard supersedes FAS 8 "Ijarah and Ijarah Muntahia Bittamleek". The standard aims at setting out principles for the classification, recognition, measurement, presentation and disclosure of Ijarah type transactions including their different forms entered into by an institution, in both the capacities of lessor and lessee.

The Group has implemented the requirements of International Financial Reporting Standard 16 (IFRS 16) as per the Central Bank of Jordan's requirements effective from 1 January 2019. The implementation of Financial Accounting Standard 32 did not have any impact as there are no material differences between the two standards.

(3) Use of Estimates

The preparation of interim condensed consolidated financial statements requires Bank's management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues, expenses, and the resultant provisions and the fair value changes reported in owner's equity and unrestricted investments accounts holder's equity. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ as a result of changes in conditions and circumstances of those estimates in the future.

We believe that our estimates in the interim condensed consolidated financial statements are reasonable and detailed as follows:

- Expected credit losses for deferred sales receivables and financing: in determining impairment of financial assets, judgment is required in the estimation of the amount and timing of future cash flows as well as an assessment of whether the credit risk on the financial assets has increased significantly since initial recognition and incorporation of forward looking information in the measurement of expected credit losses.
- The methodology for applying FAS 30 Impairment and Credit Losses and onerous commitments, The inputs assumptions and techniques for ECL calculation is disclosed in note (34).

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- Due to the recent developments of the COVID-19 pandemic, the Bank has updated the macroeconomics factors (Gross Domestic Products (GDP) and share prices) that are used the calculation of expected credit loss (ECL) for the period ended 30 June 2021.
- Income tax provision: the fiscal period is charged with its related income tax according to the laws and accounting standards. Also, the deferred tax assets and liabilities as well as the required tax provision are estimated and recorded.
- Management periodically reevaluates the financial assets carried at cost in order to assess any expected credit losses. The expected credit losses are allocated in accordance to the financing party.
- A provision is set for the lawsuits raised against the Bank. This provision is based to an adequate legal study prepared by the Bank's legal advisor. Moreover, the study highlights potential risks that the Bank may encounter in the future. Such legal assessments are reviewed periodically.

(4) Cash and Balances with Central Bank

This item consists of the following:

	30 June 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Cash in vaults	186,313,555	179,417,479
Balances at the Central Bank of Jordan:		
Current accounts	619,600,571	493,754,543
Statutory cash reserve	169,452,966	155,606,501
Total balances at the Central Bank of Jordan	789,053,537	649,361,044
Total	975,367,092	828,778,523

In compliance with Islamic Shari'a rules and the Bank's Articles of Association and bylaws, the Bank does not earn any interest on balances and current accounts held with the Central Bank of Jordan.

Amounts of JD 36,655,467 and JD 53,027,314 were deducted as at 30 June 2021 and as at 31 December 2020 respectively, which represent cash balances for accounts managed on behalf of others.

There are no balances maturing within more than three months period as of 30 June 2021 and 31 December 2020.

There are no restricted balances except for the statutory cash reserve as of 30 June 2021 and 31 December 2020.

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A. Movement on balances at the Central Bank of Jordan Note (4):

As of 30 June 2021:	Stage 1		Stage 2		Stage 3		Total
	Individual	JD	Individual	JD	Stage 3	JD	
Beginning balance		649,361,044		-	-	-	649,361,044
New balances and accounts during the period		334,526,677		-	-	-	334,526,677
Balances and accounts paid		(194,834,184)		-	-	-	(194,834,184)
Ending balance		789,053,537		-	-	-	789,053,537
As of 31 December 2020:	Stage 1		Stage 2		Stage 3		Total
	Individual	JD	Individual	JD	Stage 3	JD	
Beginning balance		742,210,345		-	-	-	742,210,345
New balances and accounts during the year		272,269,357		-	-	-	272,269,357
Balances and accounts paid		(365,118,658)		-	-	-	(365,118,658)
Ending balance		649,361,044		-	-	-	649,361,044

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(5) Balances at Banks and Financial Institutions

This item consists of the following:

	Local banks and financial institutions		Foreign banks and financial institutions		Total	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	JD	JD	JD	JD	JD	JD
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Current and on demand accounts	1,540	1,550	36,691,218	23,579,885	36,692,758	23,581,435
Less: provision for expected credit loss	(3)	(6)	(67,997)	(76,013)	(68,000)	(76,019)
Net Current and on demand accounts	1,537	1,544	36,623,221	23,503,872	36,624,758	23,505,416
Unrestricted accounts maturing within 3 months or less	-	-	11,486,057	27,119,507	11,486,057	27,119,507
Less: provision for expected credit loss	-	-	(8,521)	(24,383)	(8,521)	(24,383)
Net unrestricted accounts maturing within 3 months or less	-	-	11,477,536	27,095,124	11,477,536	27,095,124
Total	1,537	1,544	48,100,757	50,598,996	48,102,294	50,600,540

- In compliance with Islamic Shari'a rules and the Bank's Articles of Association and bylaws, the Bank does not earn any interest on current and on demand accounts at local and foreign banks and financial institutions.

- There are no restricted balances at the local and foreign banks and financial institutions as of 30 June 2021 and 31 December 2020.

(6) Investment Accounts at Banks and Financial Institutions

This item consists of the following:

	Foreign banks and financial institutions	
	30 June 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Within (6-9) months	2,836,000	-
Less: expected credit losses	(6,050)	-
Total	2,829,950	-

There are no restricted balances at the foreign banks and financial institutions as of 30 June 2021 and 31 December 2020.

(7) Wakala Bil Istithmar Accounts

This item consists of the following:

	Foreign banks and financial institutions	
	30 June 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Within (3-6) months	17,725,000	17,725,000
Maturing within more than one year	17,725,000	17,725,000
Less: Expected credit losses	(153,225)	(197,988)
Total	35,296,775	35,252,012

There are no restricted balances at the foreign banks and financial institutions as of 30 June 2021 and 31 December 2020.

In accordance with the requirements of the Islamic Financial Accounting Standard No. (31) that were applied on 1 January 2021, the Bank has transferred Wakala Bil Istithmar contracts from Investment Accounts at Banks and Financial Institutions to Wakala Bil Istithmar Accounts.

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A. Movement on balances and accounts at banks and financial institutions (notes 5, 6 and 7):

As of 30 June 2021 (Unaudited):

	Stage 1 Individual JD	Stage 2 Individual JD	Stage 3 JD	Total JD
Beginning balance	85,711,472	439,470	-	86,150,942
New balances and accounts during the period	30,841,500	84,008	-	30,925,508
Balances and accounts settled	(30,611,635)	-	-	(30,611,635)
Ending balance	85,941,337	523,478	-	86,464,815

As of 31 December 2020 (Audited):

As of 31 December 2020:	Stage 1 Individual JD	Stage 2 Individual JD	Stage 3 JD	Total JD
Beginning balance	87,809,087	-	-	87,809,087
New balances and accounts during the year	43,603,500	-	-	43,603,500
Balances and accounts paid	(45,261,645)	-	-	(45,261,645)
Transferred to stage 2	(439,470)	439,470	-	-
Ending balance	85,711,472	439,470	-	86,150,942

B. Cumulative movement on the Expected credit losses

As of 30 June 2021 (Unaudited):

	Stage 1 Individual JD	Stage 2 Individual JD	Stage 3 JD	Total JD
Beginning balance	294,494	3,896	-	298,390
Expected credit loss on new balances and accounts during the period	87,135	248	-	87,383
Expected credit loss recovered from balances and accounts paid	(222,370)	-	-	(222,370)
Changes due to adjustments	73,078	(685)	-	72,393
Ending balance	232,337	3,459	-	235,796

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As of 31 December 2020 (Audited):

As of 31 December 2020:	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Beginning balance	135,890	-	-	135,890
Expected credit loss on new balances and accounts during the year	86,678	-	-	86,678
Expected credit loss recovered from balances and accounts paid	(128,620)	-	-	(128,620)
Transferred to stage 2	(3,896)	3,896	-	-
Adjustments due to changes	204,442	-	-	204,442
Ending balance	294,494	3,896	-	298,390

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(8) Deferred Sales Receivables and Other Receivables – Net

This item consists of the following:

	Joint		Self		Total	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	JD (Unaudited)	JD (Audited)	JD (Unaudited)	JD (Audited)	JD (Unaudited)	JD (Audited)
Individuals (Retail):						
Murabaha to the purchase orderer	750,050,055	719,214,708	-	-	750,050,055	719,214,708
Deferred sales	12,416,713	11,649,897	-	-	12,416,713	11,649,897
Ijarah Mawsoofa Bil Thimma	7,314,114	6,828,157	-	-	7,314,114	6,828,157
Ijarah Muntahia Bittamleek receivables	6,606,106	6,676,919	-	-	6,606,106	6,676,919
Istisna'a	246,111	251,574	-	-	246,111	251,574
Customers' receivables	6,990,037	6,438,509	4,950,088	4,502,743	11,940,125	10,941,252
Real estate financing	508,022,012	487,839,216	-	50,000	508,022,012	487,889,216
Corporate:						
International Murabaha	26,819,690	21,864,113	-	-	26,819,690	21,864,113
Murabaha to the purchase orderer	497,631,838	512,071,042	-	-	497,631,838	512,071,042
Deferred sales	1,152	3,029	-	-	1,152	3,029
Ijarah Muntahia Bittamleek receivables	497,998	312,253	-	-	497,998	312,253
Istisna'a	27,936,265	27,978,417	-	-	27,936,265	27,978,417
Musharaka receivables	130,453	130,453	-	-	130,453	130,453
Small and Medium Enterprises (SME's):						
Murabaha to the purchase orderer	161,300,211	159,650,015	-	-	161,300,211	159,650,015
Deferred sales	22,228	27,190	-	-	22,228	27,190
Ijarah Mawsoofa bil Thimma	783,705	135,516	-	-	783,705	135,516
Ijarah Muntahia Bittamleek receivables	251,048	227,482	-	-	251,048	227,482
Customers' receivables	-	73,423	1,953,652	2,276,146	1,953,652	2,349,569
Government and public sector	1,142,175,516	1,064,969,843	-	209,428	1,142,175,516	1,065,179,271
Total	3,149,195,252	3,026,341,756	6,903,740	7,038,317	3,156,098,992	3,033,380,073
Less: deferred revenues*	(299,442,810)	(306,534,351)	-	(2,000)	(299,442,810)	(306,536,351)
Less: suspended revenues**	(11,922,796)	(11,391,754)	-	-	(11,922,796)	(11,391,754)
Less: deferred mutual insurance***	(17,719,890)	(14,963,358)	-	-	(17,719,890)	(14,963,358)
Less: expected credit loss	(111,306,343)	(109,864,166)	(462,000)	(462,040)	(111,768,343)	(110,326,206)
Net deferred sales and other receivables	2,708,803,413	2,583,588,127	6,441,740	6,574,277	2,715,245,153	2,590,162,404

- * Deferred revenues include the deferred revenues of Murabaha to the purchase orderer, deferred sales, Ijarah Mawsoofa Bil Thimma and Istisna'a.
- ** Suspended revenues include the suspended revenues of Murabaha to the purchase orderer, deferred sales, Ijarah Mawsoofa Bil Thimma and Istisna'a.
- *** Deferred mutual insurance includes insurance installments of Murabaha to the purchase orderer, deferred sales and deferred Ijarah Mawsoofa Bil Thimma.

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Movements on deferred sales receivables, other receivables and financing - joint financed expected credit loss were as follows:

	Retail		Real estate financing		Large corporates		Small and Medium Enterprises		Government and public sector		Total
	JD		JD		JD		JD		JD		JD
As at 30 June 2021 (Unaudited)											
Balance at beginning of the period	34,838,196		31,842,049		29,669,215		14,531,350		-		110,880,810
Transfer to during the period	20,074		(572,721)		(451,536)		2,307,181		-		1,302,998
Used during the period (write-offs)	(752)		-		-		(256)		-		(1,008)
Balance at the end of the period	34,857,518		31,269,328		29,217,679		16,838,275		-		112,182,800

	Retail		Real estate financing		Large corporates		Small and Medium Enterprises		Government and public sector		Total
	JD		JD		JD		JD		JD		JD
As at 30 June 2021 (Unaudited)											
Expected credit loss of non-performing receivables on individual customer basis	22,756,857		19,797,702		21,365,315		13,954,305		-		77,874,179
Expected credit loss of watch list receivables based on individual customer basis	4,796,467		5,286,335		7,395,143		1,631,320		-		19,109,265
Expected credit loss of performing receivables on individual customer basis	79,158		97,826		457,221		105,042		-		739,247
Expected credit loss of watch list receivables on portfolio basis	7,225,036		6,087,465		-		1,147,608		-		14,460,109
Total	34,857,518		31,269,328		29,217,679		16,838,275		-		112,182,800

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As at 31 December 2020

Balance at beginning of the year

Transfer to during the year

Used during the year (write-offs)

Balance at the end of the year

	Retail	Real estate financing	Large corporates	Small and Medium Enterprises	Government and public sector	Total
	JD	JD	JD	JD	JD	JD
Balance at beginning of the year	28,522,639	26,285,482	28,056,833	13,975,452	-	96,840,406
Transfer to during the year	6,315,557	7,119,878	3,938,512	1,411,030	-	18,784,977
Used during the year (write-offs)	-	(1,563,311)	(2,326,130)	(855,132)	-	(4,744,573)
Balance at the end of the year	34,838,196	31,842,049	29,669,215	14,531,350	-	110,880,810

As at 31 December 2020

Expected credit loss of non-performing receivables on individual customer basis

Expected credit loss of watch list receivables based on individual customer basis

Expected credit loss of performing receivables on individual customer basis

Expected credit loss of watch list receivables on portfolio basis

Balance at the end of the year

	Retail	Real estate financing	Large corporates	Small and Medium Enterprises	Government and public sector	Total
	JD	JD	JD	JD	JD	JD
Expected credit loss of non-performing receivables on individual customer basis	20,891,258	20,074,715	20,991,959	12,088,568	-	74,046,500
Expected credit loss of watch list receivables based on individual customer basis	7,283,922	6,172,661	7,199,804	2,070,253	-	22,726,640
Expected credit loss of performing receivables on individual customer basis	196,999	247,660	1,477,452	261,713	-	2,183,824
Expected credit loss of watch list receivables on portfolio basis	6,466,017	5,347,013	-	110,816	-	11,923,846
Balance at the end of the year	34,838,196	31,842,049	29,669,215	14,531,350	-	110,880,810

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Movements on deferred sales receivables, other receivables and financing - self financed expected credit loss were as follows:

	Retail		Real estate financing		Large corporates		Small and Medium Enterprises		Government and public sector		Total	
	JD		JD		JD		JD		JD		JD	
As at 30 June 2021 (Unaudited)												
Balance at beginning of the period	465,605		-		-		-		-		465,605	
Transfer to during the period	(3,152)		-		-		-		-		(3,152)	
Used during the period (write-offs)	-		-		-		-		-		-	
Balance at the end of the period	462,453		-		-		-		-		462,453	
As at 30 June 2021 (Unaudited)												
Expected credit loss of non-performing receivables on individual customer basis	258,810		-		-		-		-		258,810	
Expected credit loss of watch list receivables based on individual customer basis	71,596		-		-		-		-		71,596	
Expected credit loss of watch list receivables on portfolio basis	132,047		-		-		-		-		132,047	
Total	462,453		-		-		-		-		462,453	

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As at 31 December 2020

Balance at beginning of the year

Transfer to during the year

Used during the year (write-offs)

Balance at the end of the year

Retail	Real estate financing	Large corporates	Small and Medium Enterprises	Government and public sector	Total
JD	JD	JD	JD	JD	JD
725,764	-	-	-	-	725,764
65,774	-	-	-	-	65,774
(325,933)	-	-	-	-	(325,933)
465,605	-	-	-	-	465,605

As at 31 December 2020

Expected credit loss of non-performing receivables on individual customer basis

Expected credit loss of watch list receivables based on individual customer basis

Expected credit loss of watch list receivables on portfolio basis

Balance at the end of the year

Retail	Real estate financing	Large corporates	Small and Medium Enterprises	Government and public sector	Total
JD	JD	JD	JD	JD	JD
284,383	-	-	-	-	284,383
95,534	-	-	-	-	95,534
85,688	-	-	-	-	85,688
465,605	-	-	-	-	465,605

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Movements on the deferred sales receivables were as follow:

	30 June 2021 (Unaudited)	
	Deferred sales receivables	Deferred revenues
	JD	JD
Balance at the beginning of the period	11,680,116	1,042,701
Additions	3,860,227	446,059
Disposals	(3,100,250)	(366,600)
Balance at the end of the period	12,440,093	1,122,160

Movements on the suspended revenues were as follows:

	Joint				
	For the period ended 30 June 2021 (Unaudited)				
	Retail	Real estate financing	Large corporates	Small and Medium Enterprises	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the period	5,831,156	1,666,950	3,007,008	886,640	11,391,754
Add: suspended revenues during the period	1,399,759	400,149	721,828	212,837	2,734,573
Less: revenue in suspense transferred to revenue	(1,238,790)	(510,053)	(271,937)	(182,751)	(2,203,531)
Balance at the end of the period	5,992,125	1,557,046	3,456,899	916,726	11,922,796

	Joint				
	For the year ended 31 December 2020 (Audited)				
	Retail	Real estate financing	Large corporates	Small and Medium Enterprises	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	5,585,554	1,977,433	2,185,547	1,287,305	11,035,839
Add: suspended revenues during the year	3,342,435	1,183,310	1,307,847	770,333	6,603,925
Less: revenue in suspense transferred to revenue	(2,859,638)	(1,493,793)	(486,386)	(829,396)	(5,669,213)
Less: suspended revenues written off	(237,195)	-	-	(341,602)	(578,797)
Balance at the end of the year	5,831,156	1,666,950	3,007,008	886,640	11,391,754

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(9) Ijarah Muntahia Bittamleek Assets - Net

This item consists of the following:

	Joint		
	30 June 2021 (Unaudited)		
	Cost	Accumulated Depreciation	Net Book Value
	JD	JD	JD
Ijarah Muntahia Bittamleek assets - real estate	941,205,192	(188,494,828)	752,710,364

	Joint		
	31 December 2020 (Audited)		
	Cost	Accumulated Depreciation	Net Book Value
	JD	JD	JD
Ijarah Muntahia Bittamleek assets - real estate	893,340,158	(187,594,635)	705,745,523

The accrued Ijarah installments amounted to JD 7,355,152 as at 30 June 2021 (31 December 2020: JD 7,216,654) were included in deferred sales receivables and other receivables (Note 8).

(10) Financing – Net

This item consists of the following:

	Joint		Self		Total	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	JD	JD	JD	JD	JD	JD
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Individuals (Retail):						
Diminishing Musharaka	35,295,890	33,963,533	204,229	214,215	35,500,119	34,177,748
Total	35,295,890	33,963,533	204,229	214,215	35,500,119	34,177,748
Less: Expected credit loss	(876,457)	(1,016,644)	(453)	(3,565)	(876,910)	(1,020,209)
Net Financing	34,419,433	32,946,889	203,776	210,650	34,623,209	33,157,539

Non-performing deferred sales receivables, Ijarah Muntahia Bittamleek receivables, other receivables, financing and Al Qard Al Hasan amounted to JD 111,353,709 as at 30 June 2021, representing 3.41% of deferred sales receivable, Ijarah Muntahia Bittamleek receivables, other receivables, financing and Al Qard Al Hasan balance compared to JD 107,423,085 as at 31 December 2020, representing 3.41% of the utilized balance at the end of the previous year.

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Non-performing deferred sales receivables, Ijarah Muntahia Bittamleek receivables, other receivables, financing and Al Qard Al Hasan after deducting suspended revenues amounted to JD 102,139,337 as at 30 June 2021, representing 3.13% of deferred sales, Ijarah Muntahia Bittamleek receivables, other receivables, financing and Al Qard Al Hasan balance after deductions suspended revenues, compared to JD 98,341,001 as at 31 December 2020, representing 3.13% of the utilized balance at the end of the previous year.

Deferred sales, other receivables, and financing granted to and guaranteed by the Government of Jordan amounted to JD 1,145,170,600 as at 30 June 2021, representing 35.04% of deferred sales, other receivables and financing balance, compared to JD 1,068,174,355 as at 31 December 2020, representing 33.92% of the utilized balance at the end of the previous year.

A- Cumulative movement on direct facilities:
As of 30 June 2021 (Unaudited):

	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period	1,354,587,429	870,506,572	396,893,617	41,733,267	152,154,438	2,815,875,323
New facilities during the period	300,139,590	229,708,685	102,691,324	4,177,863	1,204,154	637,921,616
Settled facilities	(219,706,694)	(171,712,477)	(99,042,546)	(7,799,088)	(15,977,712)	(514,238,517)
Transferred to stage 1	47,533,696	21,043,537	(45,983,333)	(17,710,987)	(4,882,913)	-
Transferred to stage 2	(77,286,393)	(26,951,507)	93,552,487	37,790,128	(27,104,715)	-
Transferred to stage 3	(4,300,436)	(6,872,220)	(25,564,164)	(9,895,887)	46,632,707	-
Balance at the end of the period	1,400,967,192	915,722,590	422,547,385	48,295,296	152,025,959	2,939,558,422

As of 31 December 2020 (Audited):

As of 31 December 2020	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	1,161,083,136	785,854,552	272,160,723	23,773,484	159,002,564	2,401,874,459
New facilities during the year	590,122,267	328,839,589	144,798,762	8,354,998	2,902,964	1,075,018,580
Settled facilities	(318,892,551)	(215,100,450)	(96,570,644)	(5,888,272)	(19,821,226)	(656,273,143)
Transferred to stage 1	24,770,276	8,586,155	(13,884,867)	(5,420,263)	(14,051,301)	-
Transferred to stage 2	(93,100,412)	(23,061,167)	107,202,178	27,841,787	(18,882,386)	-
Transferred to stage 3	(9,395,287)	(14,612,107)	(16,812,535)	(6,928,467)	47,748,396	-
Written of facilities	-	-	-	-	(4,744,573)	(4,744,573)
Balance at the end of the year	1,354,587,429	870,506,572	396,893,617	41,733,267	152,154,438	2,815,875,323

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B- Cumulative movement on the expected credit loss for direct facilities:

As of 30 June 2021 (Unaudited):

	Large corporates	SMEs	Individuals	Real estate financing	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the period	29,972,150	15,318,417	37,916,138	31,845,654	115,052,359
Expected credit loss on the new facilities during the period	1,679,449	340,788	1,766,514	1,976,212	5,762,963
Expected credit loss recovered from settled facilities	(6,085,201)	(606,251)	(3,440,378)	(870,889)	(11,002,719)
Transferred to stage 1	11,326	309,727	697,239	300,128	1,318,420
Transferred to stage 2	1,164,368	2,144,079	3,401,876	1,405,988	8,116,311
Transferred to stage 3	(1,175,694)	(2,453,806)	(4,099,115)	(1,706,116)	(9,434,731)
Impact on ending balance provision due to change in staging classification	5,306,804	1,590,917	520,710	(203,247)	7,215,184
Adjustments	(1,640,599)	1,096,036	1,748,517	(1,477,949)	(273,995)
Written off facilities	-	(256)	(752)	-	(1,008)
Balance at the end of the period	29,232,603	17,739,651	38,510,749	31,269,781	116,752,784

Reallocated:

Individual level provision	29,232,603	13,078,351	9,580,364	5,936,813	57,828,131
Collective level provision	-	4,661,300	28,930,385	25,332,968	58,924,653

As of 31 December 2020 (Audited):

	Large corporates	SMEs	Individuals	Real estate financing	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	28,116,550	14,955,167	31,963,874	26,288,246	101,323,837
Expected credit loss on the new facilities during the year	11,240,939	5,276,654	10,112,332	5,488,918	32,118,843
Expected credit loss recovered from settled facilities	(7,517,801)	(2,795,786)	(6,176,842)	(1,356,543)	(17,846,972)
Transferred to stage 1	4,258,983	1,140,089	476,817	810,801	6,686,690
Transferred to stage 2	1,399,352	1,159,389	925,334	230,835	3,714,910
Transferred to stage 3	(5,658,334)	(2,299,478)	(1,402,152)	(1,041,636)	(10,401,600)
Impact on ending balance provision due to change in staging classification	(4,360,641)	(1,010,435)	581,176	276,624	(4,513,276)
Adjustments	2,493,102	456,128	3,761,729	2,003,541	8,714,500
Written off facilities	-	(1,563,311)	(2,326,130)	(855,132)	(4,744,573)
Balance at the end of the period	29,972,150	15,318,417	37,916,138	31,845,654	115,052,359

Reallocated:

Individual level provision	29,972,150	11,398,671	10,424,075	7,581,551	59,376,447
Collective level provision	-	3,919,746	27,492,063	24,264,103	55,675,912

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(11) Financial Assets at Fair Value Through Owner's Equity – Self Financed

This item consists of the following:

	30 June 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Quoted financial assets		
Companies shares	5,256,903	4,900,392
Total financial assets – quoted	5,256,903	4,900,392
Unquoted financial assets		
Companies shares	2,424,107	2,242,103
Al Wakala Bi Al Istithmar (investment portfolio)	10,891,080	5,832,557
Total financial assets - unquoted	13,315,187	8,074,660
Total financial assets at fair value through owner's equity – self financed	18,572,090	12,975,052

(12) Financial Assets at Fair Value Through Investment Account Holder's Equity

This item consists of the following:

	30 June 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Quoted financial assets:		
Companies shares	21,464,514	18,776,497
Total quoted financial assets	21,464,514	18,776,497
Unquoted financial assets:		
Companies shares	9,322,557	7,934,540
Islamic banks portfolio	821,691	820,584
Al Wakala Bi Al Istithmar (investment portfolio)	1,564,366	9,352,249
Total unquoted financial assets	11,708,614	18,107,373
Total financial assets at fair value through the joint investment accounts holders' equity	33,173,128	36,883,870

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(13) Financial Assets at Amortized Cost

This item consists of the following:

	30 June 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Quoted financial assets		
Islamic Sukuk	12,762,000	12,762,000
Expected credit losses	(419,637)	(568,408)
Net quoted financial assets	12,342,363	12,193,592
Unquoted financial assets		
Islamic Sukuk	153,827,896	180,824,159
Islamic banks portfolio	7,478,031	4,715,538
Total unquoted financial assets	161,305,927	185,539,697
Expected credit losses	(1,860,645)	(1,860,090)
Net unquoted financial assets	159,445,282	183,679,607
Total Financial Assets at amortized cost	171,787,645	195,873,199

- Islamic Sukuk in Jordanian Dinars rate of return ranges between (2.8% - 5.47%) payable on a semi-annual basis, with a maturity of less than 3 years.
- Islamic Sukuk in US Dollars rate of return on long term ranges between (6.5% - 9.37%) payable on a semi-annual basis, with a maturity of less than 5 years.
- Rate of return on short term Islamic Sukuk in US Dollars ranges between (1.20% - 2.35%) with a maturity of 3-6 months.

1. Cumulative movement on investments:

As of 30 June 2021 (Unaudited):

	Stage 1 Individual JD	Stage 2 Individual JD	Stage 3 JD	Total JD
Balance at the beginning of the period	189,393,324	7,090,000	1,818,373	198,301,697
New investments during the period	17,380,625	-	-	17,380,625
Matured investments	(41,614,395)	-	-	(41,614,395)
Balance at the end of the period	165,159,554	7,090,000	1,818,373	174,067,927

As of 31 December 2020 (Audited):

	Stage 1 Individual JD	Stage 2 Individual JD	Stage 3 JD	Total JD
Balance at the beginning of the year	192,752,841	7,090,000	1,818,373	201,661,214
New investments during the year	14,839,124	-	-	14,839,124
Matured investments	(18,198,641)	-	-	(18,198,641)
Balance at the end of the year	189,393,324	7,090,000	1,818,373	198,301,697

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2. Cumulative movement on the expected credit loss:

As of 30 June 2021 (Unaudited):

	Stage 1 Individual JD	Stage 2 Individual JD	Stage 3 JD	Total JD
Balance at the beginning of the period	106,635	503,490	1,818,373	2,428,498
Expected credit loss on new investments during the period	37,374	-	-	37,374
Expected credit loss recovered from matured investments	(25,665)	-	-	(25,665)
Adjustments	(33,900)	(126,025)	-	(159,925)
Balance at the end of the period	84,444	377,465	1,818,373	2,280,282

As of 31 December 2020 (Audited):

	Stage 1 Individual JD	Stage 2 Individual JD	Stage 3 JD	Total JD
Balance at the beginning of the year	68,120	414,626	1,818,373	2,301,119
Expected credit loss on new investments during the year	41,718	-	-	41,718
Expected credit loss recovered from matured investments	(41,719)	-	-	(41,719)
Adjustments	38,516	88,864	-	127,380
Balance at the end of the year	106,635	503,490	1,818,373	2,428,498

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(14) Investments in Real Estate

This item consists of the following:

	Joint	
	30 June 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Investments in real estate *	127,803,009	107,608,263
Total	127,803,009	107,608,263

* Investment in real estate are presented at fair value, with a book value (cost) of JD 114,224,907 as at 30 June 2021 compared to JD 95,078,917 as at 31 December 2020.

- Movements on investments in real estate were as follow:

	30 June 2021		
	Lands	Buildings	Total
	JD	JD	JD
Balance at the beginning of the period	78,390,123	29,218,140	107,608,263
Additions	-	20,733,200	20,733,200
Disposals	(538,454)	-	(538,454)
Net Investments in real estate at the end of the period	<u>77,851,669</u>	<u>49,951,340</u>	<u>127,803,009</u>

	31 December 2020		
	Lands	Buildings	Total
	JD	JD	JD
Balance at the beginning of the year	80,764,574	30,425,595 a	111,190,169
Additions	494,930	786,405	1,281,335
Disposals	(1,393,309)	(353,943)	(1,747,252)
Revaluation difference	(1,476,072)	(1,639,917)	(3,115,989)
Net Investments in real estate at the end of the year	<u>78,390,123</u>	<u>29,218,140</u>	<u>107,608,263</u>

The fair value of real estate investments is based on the average of the valuations made by independent appraisers who have the professional qualifications and experience to evaluate the location and type of properties subject to appraisal as on 30 June 2021 and 31 December 2020. The fair value was determined based on recent market transactions as well as independent appraisers' information and professional judgments.

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(15) Other Assets

This item consists of the following:

	30 June 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Accrued revenues	329,882	540,598
Prepaid expenses	4,729,710	458,787
Temporary debit accounts	6,475,027	5,826,785
Stationery and publications	568,449	606,162
Stamps	116,432	116,961
Credit card accounts	4,384,915	4,330,020
Settlement guarantee fund deposits	25,000	25,000
Refundable deposits	366,668	365,974
Acceptable notes	55,221	-
Reposessed assets - Net *	26,132,126	38,653,803
Others	332,801	354,139
Total	43,516,231	51,278,229

* **Movement on the reposessed assets to meet outstanding debts was as follow:**

	30 June 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Beginning balance for the period / year	39,765,682	36,076,921
Additions	8,182,587	7,338,569
Disposals *	(20,300,424)	(3,649,808)
Ending balance for the period / year	27,647,845	39,765,682
Provision for acquired assets	(526,641)	(12,363)
provision for impairment in acquired assets	(989,078)	(1,099,516)
Total	26,132,126	38,653,803

* A total of JD 19,704,646 were transferred from reposessed assets to investments in real estate after performing a feasibility study in line with the bank's real estate investment policies.

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(16) Customers' Current and on Demand Accounts

This item consists of the following:

	30 June 2021 (Unaudited)				
	Retail	Large corporates	Small and Medium Enterprises	Government and public sector	Total
	JD	JD	JD	JD	JD
Current accounts	816,345,178	16,731,176	243,756,488	39,103,701	1,115,936,543
On demand accounts	262,811,548	51,554	972,923	-	263,836,025
Total	1,079,156,726	16,782,730	244,729,411	39,103,701	1,379,772,568
	31 December 2020 (Audited)				
	Retail	Large corporates	Small and Medium Enterprises	Government and public sector	Total
	JD	JD	JD	JD	JD
Current accounts	753,196,870	15,378,785	214,609,785	39,883,930	1,023,069,370
On demand accounts	240,809,475	285,750	1,082,267	-	242,177,492
Total	994,006,345	15,664,535	215,692,052	39,883,930	1,265,246,862

Government and public sector deposits inside the Kingdom amounted to JD 39,103,701 representing 2.83% of the total customers' current and on demand accounts as at 30 June 2021 compared to JD 39,883,930 representing 3.15% as at 31 December 2020.

Dormant accounts amounted to JD 31,652,761 as of 30 June 2021 compared to JD 35,372,943 as of 31 December 2020.

The restricted accounts amounted to JD 5,419,218 representing 0.39% of the total customers' current and on demand accounts as of 30 June 2021 compared to JD 6,877,913, representing 0.54 % as of 31 December 2020 of the total customers' current and on demand accounts.

(17) Income Tax Provision

A- Bank's Income Tax Provision:

Movements on the Bank's income tax provision were as follows:

	30 June 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Beginning balance for the period / year	26,142,445	29,999,703
Income tax paid	(22,494,551)	(23,833,923)
Income tax expense	18,553,702	31,643,599
Income tax paid for the years 2021 and 2020	(5,000,000)	(11,666,934)
Ending balance for the period / year	17,201,596	26,142,445

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B- The income tax expense shown in the interim condensed consolidated Income Statement represents the following:

	30 June	
	2021	2020
	JD	JD
	(Unaudited)	(Unaudited)
Income tax payable for the period	18,553,702	16,667,000
Total	18,553,702	16,667,000

Income tax was calculated to reach 35% in addition to a national contribution of 3% for a total of 38% in accordance with the income tax law No. (34) of 2014 amended by law No. (38) of the year 2018.

The bank obtained final income tax clearance up to the year 2018 and submitted the income tax declaration for the years 2020 and 2019 .

Subsidiary Companies:

Al Samaha Financing and Investment Company Ltd:

The Company reached a final settlement with the income tax department up to 2018, the Company submitted the income tax declaration for the years 2019 and 2020, the income and sales tax department has not reviewed the records up to the date of the interim condensed consolidated financial statements .

Sanabel Al-Khair for financial investment Company Ltd:

The Company reached a final settlement with the income tax departement up to 2019, and the Company submitted the income tax declaration for 2020. The income and sales tax departement has not reviewed the records up to the date of the consolidated financial statement.

Omaryeh school company Ltd:

The Company reached final settlement with the income tax departement up to 2018, the Company submitted the income tax declaration for the years 2019 and 2020, the income tax departement has not reviewed the records up to the date of the consolidated financial statements

Future Applied Computer Technology Company Ltd:

The Company reached final settlement with the income tax departement up to 2019, the Company submitted the income tax declaration for the year 2020, the income and sales tax departement has not reviewed the records up to the date of the consolidated financial statements.

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(18) Other Liabilities

This item consists of the following:

	30 June 2021 JD (Unaudited)	31 December 2020 JD (Audited)
Accepted cheques	7,769,720	4,970,623
Revenues received in advance	433,726	735,689
Al Qard Al Hasan Fund	2,009,806	1,934,535
Temporary deposits	846,258	810,374
Other credit balances	3,872,483	4,124,153
Cheques against notes payables	5,627,907	4,026,783
Term deposit profits	6,444,387	-
Banker's cheques	9,217,442	7,539,533
Others	8,572,865	12,632,509
Total	44,794,594	36,774,199

(19) Unrestricted Investment Accounts

A- This item consists of the following:

	30 June 2021 (Unaudited)					
	Retail JD	Large corporates JD	Small and Medium Enterprises JD	Government and public sector JD	Banks JD	Total JD
Saving accounts	628,749,251	491,177	8,680,148	153	22,855,921	660,776,650
Notice accounts	10,331,292	-	2,763,325	628,226	10,911,318	24,634,161
Term accounts	2,027,629,189	24,631,752	121,319,570	116,731,682	18,105,750	2,308,417,943
Total	2,666,709,732	25,122,929	132,763,043	117,360,061	51,872,989	2,993,828,754
Depositors' share from Investment returns	27,726,301	261,208	1,392,723	1,220,215	416,195	31,016,642
Total unrestricted investment accounts	2,694,436,033	25,384,137	134,155,766	118,580,276	52,289,184	3,024,845,396

	31 December 2020 (Audited)					
	Retail JD	Large corporates JD	Small and Medium Enterprises JD	Government and public sector JD	Banks JD	Total JD
Saving accounts	595,191,177	158,765	8,342,365	150	21,434,705	625,127,162
Notice accounts	8,903,768	-	3,795,991	615,318	11,741,793	25,056,870
Term accounts	1,974,132,499	21,272,266	64,836,593	62,845,571	13,023,826	2,136,110,755
Total	2,578,227,444	21,431,031	76,974,949	63,461,039	46,200,324	2,786,294,787
Depositors' share from Investment returns	51,124,204	542,510	2,637,328	1,288,122	687,796	56,279,960
Total unrestricted investment accounts	2,629,351,648	21,973,541	79,612,277	64,749,161	46,888,120	2,842,574,747

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Unrestricted investment accounts share of profits is calculated as follows:

- 40% of the annual average balance of saving accounts.
- 70% of the annual average balance of notice accounts.
- 90% of the minimum balance of term accounts.

Unrestricted investment accounts (Government of Jordan and Public Sector) inside the Kingdom amounted to JD 118,580,276 representing 3.92 % of the total unrestricted investment accounts as at 30 June 2021 compared to JD 64,749,161 representing 2.28 % as at 31 December 2020.

Dormant accounts amounted to JD 10,166,878 as of 30 June 2021 compared to JD 6,900,949 as of 31 December 2020.

The withdrawal restricted investment accounts amounted to JD 5,390,948 representing 0.18 % of the total unrestricted investment accounts as at 30 June 2021 compared to JD 5,403,427, representing 0.19 % as at 31 December 2020.

B- Investment accounts holders' reserve and non- controlling interest – in subsidiaries and associates

	Joint	
	30 June 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Investment accounts holders' reserve – Subsidiaries	11,408,173	13,141,785
Investment accounts holders' reserve – Associates	3,362,843	2,619,643
Total	14,771,016	15,761,428
Non-Controlling Interests	40,387	41,206

(20) Fair Value Reserve

This item consists of the following:

A- Joint

	Joint	
	30 June 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Financial assets at fair value through joint investment accounts holders' equity reserve	(303,784)	(2,521,374)
Investments in real estate reserve	8,418,423	7,768,195
Total	8,114,639	5,246,821

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B- Self

	Self	
	30 June 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Financial assets at fair value through owner's equity – self	3,268,155	2,888,319
Total	3,268,155	2,888,319

(C) Movements on the fair value reserve for the unrestricted investment accounts holders' equity were as follows:

	30 June 2021 (Unaudited)		
	Financial assets at fair value	Investments in real estate	Total
	JD	JD	JD
Balance at the beginning of the period *	(4,066,732)	12,529,346	8,462,614
Unrealized losses	4,678,490	1,229,274	5,907,764
Deferred tax assets (liabilities)	186,191	(5,159,679)	(4,973,488)
Profits transferred to the consolidated income statement	(1,101,733)	(180,518)	(1,282,251)
Balance at the end of the period	(303,784)	8,418,423	8,114,639

	31 December 2020 (Audited)		
	Financial assets at fair value	Investments in real estate	Total
	JD	JD	JD
Balance at the beginning of the year	(5,247,151)	15,933,683	10,686,532
Unrealized (losses) profits	1,180,419	(3,150,384)	(1,969,965)
Deferred tax assets (liabilities)	1,545,358	(4,761,151)	(3,215,793)
Profits transferred to the consolidated income statement	-	(253,953)	(253,953)
Balance at the end of the year	(2,521,374)	7,768,195	5,246,821

* The fair value reserve beginning balance includes the prior year deferred tax liabilities of JD 3,215,793.

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(D) Movements on the fair value reserve / owner's equity were as follows:

	Financial assets at fair value	
	30 June 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Beginning Balance for the period / year *	4,658,579	3,607,098
Unrealized profits	628,134	1,028,165
Deferred tax liabilities	(2,003,063)	(1,770,260)
(Profits) Losses transferred to the comprehensive consolidated income statement after tax	(15,495)	23,316
Ending Balance for the period / year	3,268,155	2,888,319

* The fair value reserve beginning balance includes the prior year deferred tax liabilities of JD 1,770,260.

(E) Provision for probable contingencies:

Movements on probable contingencies provision were as follows:

	30 June 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Beginning balance for the period / year	1,284,360	760,429
Movement during the period / year	(502,749)	523,931
Ending Balance for the period / year	781,611	1,284,360

(21) Provision for future expected risks

A. Movements on a provision for future expected risks were as follows:

	30 June 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Transfer from investment risk fund	25,980,009	30,016,131
Transfers to provision for expected credit loss	-	(4,036,122)
Ending Balance for the period / year	25,980,009	25,980,009

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B. Mutual Insurance Fund

Movements on the Mutual Insurance Fund were as follows:

	30 June 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Beginning balance for the period / year	48,820,782	53,065,605
Add: profits for the years 2019 and 2020	1,265,186	1,987,034
Add: insurance premiums collected during the period / year	3,437,560	4,710,496
Add: amounts recovered from prior years losses	56,543	63,985
Less: insurance premiums paid during the period / year	(5,243,264)	(4,746,297)
Less: Taxes paid in advance for 2020	(443,768)	-
Less: fund's committee members remunerations	(16,000)	(16,000)
Less: consulting fees	(1,740)	(1,740)
Less: Insurance paid for the dissolution of contracts before 2018	(958)	(21,815)
Less: losses written off during the period / year	-	(220,486)
Less: Expected credit losses provision during the year	(1,000,000)	(6,000,000)
Ending balance for the period / year	46,874,341	48,820,782

The mutual insurance fund was established based on Article (54) - paragraph (D/3) of the Banks Law No. (28) for the year 2000.

Prior approval of the Central Bank of Jordan must be obtained in case of any changes to the mutual insurance fund policies.

In case of discontinuing the mutual insurance fund for any reason, the Board of Directors shall determine the way of spending the fund's sources for charity.

The Central Bank of Jordan approved considering the Mutual Insurance Fund as mitigating risk exposure according to its letter No. (10/1/12160) dated 9 October 2014.

Compensation payment for the subscriber is made from the Fund as determined by the Bank from the subscriber's outstanding debt insured in Murabaha or in any other form of deferred sales or as determined by the Bank from the debt and/or the remaining amount from the Ijarah asset in the following cases:

- Death of subscriber.
- The subscriber's physical disability, fully or partially.
- The subscriber's insolvency due to lack of income sources for at least one year, without having an asset or possessing the leased estate to settle his debt and has no opportunity to obtain income source in the upcoming year that enable the debtor to settle his debt or to continue in the finance lease and based on the bank's decision about it.
- As of the beginning of 2018, the group has applied the accrual basis instead of cash basis with regards to insurance premiums received from subscribers, additionally, it was approved to increase the ceiling of coverage to become JD 150 thousand instead of JD 100 thousand.
- Mutual insurance fund covers financing granted by the Bank (financing granted from joint investment accounts and Al Wakala Bi Al Istithmar accounts (Investments Portfolio)).

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C. Subsidiaries expected credit loss

	30 June 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Al Samaha Funding and Investment Company Ltd. - (Note 7)	520,501	509,036
Al Omariah Schools Company Ltd. - (Note 7)	696,584	706,752
Total	1,217,085	1,215,788

D. Movement on the provision for expected credit losses and the Impairment provision for repossessed assets - joint:

	30 June 2021	31 December 2020
	JD	JD
Balance at the beginning of the year	115,927,918	101,800,672
Provision during the year through the consolidated income statement	-	8,000,000
Transferred from mutual insurance fund (Note 21 B)	1,000,000	6,000,000
Transferred from provision of expected future risk (Note 21 A)	-	4,036,122
Provision from subsidiaries	1,297	134,769
Written-off	(1,008)	(4,043,645)
Balance at the end of the year	116,928,207	115,927,918

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(22) Deferred Sales Revenues

This item consists of the following:

	Joint		self		Total	
	For the six months ended on 30 June		For the six months ended on 30 June		For the six months ended on 30 June	
	2021	2020	2021	2020	2021	2020
	JD	JD	JD	JD	JD	JD
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Individuals (Retail):						
Murabaha to the purchase orderer	21,451,555	21,921,199	-	-	21,451,555	21,921,199
Deferred sales	445,785	357,140	-	-	445,785	357,140
Ijarah Mawsoofa Bil Thimma	239,564	219,595	-	-	239,564	219,595
Istisna'a	8,869	12,076	-	-	8,869	12,076
Real Estate Financing	13,562,100	14,214,486	2,000	4,000	13,564,100	14,218,486
Corporate:						
International Murabaha	118,238	303,026	-	-	118,238	303,026
Murabaha to the purchase orderer	11,514,270	8,088,437	-	-	11,514,270	8,088,437
Deferred sales	67	258	-	-	67	258
Istisna'a	867,336	2,463,435	-	-	867,336	2,463,435
Small and Medium Enterprises:						
Murabaha to the purchase orderer	3,590,988	4,187,047	-	-	3,590,988	4,187,047
Deferred sales	738	1,756	-	-	738	1,756
Ijarah Mawsoofa Bil Thimma	31,563	-	-	-	31,563	-
Government and public sector	20,133,914	16,314,001	-	-	20,133,914	16,314,001
Total	71,964,987	68,082,456	2,000	4,000	71,966,987	68,086,456

(23) Financing Revenues

This item consists of the following:

	Joint		Self		Total	
	For the Six Months Ended on 30 June		For the Six Months Ended on 30 June		For the Six Months Ended on 30 June	
	2021	2020	2021	2020	2021	2020
	JD	JD	JD	JD	JD	JD
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Individuals (Retail):						
Diminishing Musharaka	250,513	238,621	1,762	1,871	252,275	240,492
Total	250,513	238,621	1,762	1,871	252,275	240,492

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(24) Gain from Financial Assets at Fair Value Through Joint Investment Accounts Holders' Equity

This item consists of the following:

	Joint	
	For the Six Months Ended on 30 June	
	2021	2020
	JD	JD
	(Unaudited)	(Unaudited)
Dividends income	790,081	488,507
Gain from sale of financial assets at fair value	1,101,733	-
Total	1,891,814	488,507

(25) Gain from Financial Assets at Amortized Cost

This item consists of the following:

	Joint	
	For the Six Months Ended on 30 June	
	2021	2020
	JD	JD
	(Unaudited)	(Unaudited)
Islamic Sukuk	4,815,043	4,866,123
Islamic banks portfolio revenues	51,986	206,077
Total	4,867,029	5,072,200

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(26) Dividends from subsidiaries and associates

This item consists of the following:

Joint	Ownership percentage	Distribution percentage	Joint	
			30 June 2021	30 June 2020
	%	%	JD	JD
Subsidiaries				
Al Samaha Financing and Investment Company Ltd.	100	5.0	600,000	600,000
Al Omariah Schools Company Ltd	99.8	3.0	-	477,359
Future Applied Computer Technology Company Ltd.	100	6.0	-	300,000
Associates				
Jordanian Center for International Trading Co.	28.4	8.0	48,200	77,120
Islamic Insurance Co.	33.3	6.0	400,000	300,000
Sale of subsidiary company *	-	-	1,071,604	-
Total			2,119,804	1,754,479

* On 6 January 2021, the investment in subsidiary (Future Applied Computer Technology Company Ltd.) was transferred from the joint-investment sources to the self-investment sources due to the connection of this company's business to the Bank's. The transfer was carried out at the book value that represents the refundable value at the date of the transfer. The transfer resulted in a joint investment profit of JD 1,071,604, and no currency differences resulted from this transfer. An approval was obtained from the Sharia Supervisory Board of the Bank and the Central Bank of Jordan for this transfer.

(27) Revenue from Investments in Real Estate

This item consists of the following:

	Joint	
	For the Six Months Ended on 30 June	
	2021	2020
	JD	JD
	(Unaudited)	(Unaudited)
Realized gain from investments in Real Estate	840,286	342,460

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(28) Share of Unrestricted Investment Accounts Holders

This item consists of the following:

	For the Six Months Ended on 30 June	
	2021	2020
	JD (Unaudited)	JD (Unaudited)
Banks and Financial Institutions	416,195	181,965
Customers:		
Saving Accounts	3,295,653	2,724,653
Notice Accounts	128,375	106,059
Term Accounts	27,176,419	21,988,276
Total	31,016,642	25,000,953

(29) Bank's Share of the Joint Investment Accounts Revenues as Mudarib and Rab-Mal

This item consists of the following:

	For the Six Months Ended on 30 June	
	2021	2020
	JD (Unaudited)	JD (Unaudited)
Bank's share as Mudarib	47,997,185	48,939,442
Bank's share as Rab Mal	23,846,460	21,338,841
Total	71,843,645	70,278,283

(30) Bank's Self-financed Revenue

This item consists of the following:

	For the Six Months Ended on 30 June	
	2021	2020
	JD (Unaudited)	JD (Unaudited)
Sales receivables revenues- Note (22)	2,000	4,000
Financing revenues – Note (23)	1,762	1,871
Gain from financial assets at the fair value through equity	219,880	9,146
Total	223,642	15,017

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(31) Basic Earnings Per Share (EPS)

This item consists of the following:

	For the Six Months Ended on 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
Profit for the period after income tax (JD)	31,109,852	27,268,198
Weighted average number of shares (share)	200,000,000	200,000,000
Basic earnings per share (JD/Fils)	0.156	0.136

(32) Cash and Cash Equivalents

This item consists of the following:

	For the Six Months Ended on 30 June	
	2021	2020
	JD	JD
	(Unaudited)	(Unaudited)
Cash and balances with The Central Bank maturing within 3 months	975,367,092	848,711,428
Add: Balances at banks and financial institutions maturing within 3 months	48,178,815	35,644,982
Less: Balances at banks and financial institutions maturing within 3 months	(64,259,636)	(39,596,699)
Total	959,286,271	844,759,711

(33) Related Parties Transactions

A. The interim condensed consolidated financial statements include the financial statements of the Bank and the following subsidiaries:

Company Name	Ownership	Paid-in Capital	
		30 June 2021	31 December 2020
		JD	JD
		(Unaudited)	(Audited)
Al Omariah Schools Company Ltd.	99.8%	16,000,000	16,000,000
Al Samaha Financing and Investment Company Ltd.	100%	12,000,000	12,000,000
Future Applied Computer Technology Company Ltd.	100%	5,000,000	5,000,000
Sanabel Al-Khair for Financial Investments Company Ltd.	100%	5,000,000	5,000,000

The Bank entered into transactions with the shareholders, subsidiaries, associates, major shareholders, board members and senior executive management within the Bank's ordinary course of business using normal Murabaha rates and commercial commissions. All deferred sales receivables, financing and Ijarah Muntahia Bittamleek granted to related parties are considered performing and within the first stage.

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B. Below is a summary of transactions with related parties:

	Related parties				Total	
	Parent Company	Associates	Subsidiaries	Board members and Senior Executive management	30 June	31 December
					2021	2020
					JD	JD
					(Unaudited)	(Audited)
Interim condensed consolidated statement of financial position items:						
Deferred sales receivables	-	-	2,620,006	8,078,100	10,698,106	10,331,142
Financing of employees housing/ Musharaka	-	-	-	1,068,440	1,068,440	1,066,880
Deposits	44,813	9,592,579	2,407,760	1,811,319	13,856,471	12,352,226
Off consolidated statement of financial position items:						
Guarantees and Letters of credit	-	82,147	535,549	2,962,332	3,580,028	3,511,574
					For the period ended	
					2021	2020
					JD	JD
					(Unaudited)	(Unaudited)
Interim condensed Consolidated income statement items:						
Paid expenses	-	2,691,888	796,468	1,552,921	5,041,277	5,298,639
Received revenues	13	5,827	1,103	17,357	24,300	43,821
Paid Profits	-	166,100	78,570	145,886	390,556	436,912

- Murabaha rate on granted financing ranged between (3%-4.75%) annually as at 30 June 2021 (2020: 3.5% - 4.75%).
- Musharaka profit rate of financing granted to the employees ranged between (1.75%-4.8%) annually as at 30 June 2021 (2020: 2% - 4.8%).
- Guarantees commission rate ranged between (1%-4%) annually as at 30 June 2021 (2020: 1% - 4%). Letters of credit commission rate ranged between (1/4% - 3/8%) quarterly as 30 June 2021 (2020: 1/4% - 3/8% quarterly).
- Individual and corporate deposits revenue is equals to the percentage of revenue for related parties deposits.

C. Compensation of the Bank's Executive Management Benefits (Salaries, Remuneration and other Benefits) were as follows:

	For the Six Months Ended on 30 June	
	2021	2020
	JD	JD
	(Unaudited)	(Unaudited)
Salaries, remuneration and transportation	1,279,534	1,146,740
Total	1,279,534	1,146,740

(34) Risk Management

Banks are exposed to several risks as a result of the operations they provide to their customers and as a result, the need arose for banks to effectively and efficiently manage the risks that they may be exposed to by using the best available methods to manage risks in line with the nature and size of the risks they may be exposed to.

The Bank undertakes the risk management function through a comprehensive risk management framework approved by the Bank's Board of Directors and senior management in order to identify, measure, follow up and monitor the relevant risk categories and prepare reports on them, and maintain where needed sufficient capital to meet these risks. These measures take into account the appropriate steps to adhere to the provisions and principles of Islamic law, and this had a great impact in mitigating the effects of the Coronavirus pandemic and the resulting impact on some sectors and increasing the likelihood of default for impacted customers through the necessary precautions to deal with the pandemic and taking adequate allocations for expected credit losses and to maintain sufficient capital to deal with these risks that the Bank may be exposed to.

The risks that the Bank may be exposed to are managed according to the general provisions for managing the risks approved by the Board of Directors according to the following principles:

1. Manage risk through a central, non-executive, independent of business and business support departments, which is the risk management department.
2. Use the three defense lines model to manage risks in our bank, so that it is the first line of defense from the business and support departments, which is the body responsible for the risks to which our bank may be exposed (Risk Owners) and the application of approved controls, and the second line of defense from the Risk Management Department Which defines the controls necessary for risk management in cooperation with the Compliance Control Department and the Internal Control Department, the third line of defense from the Internal Audit Department and the Internal Sharia Audit Department that ensures the application of the controls and their effectiveness.
3. Identify risks that our bank might be exposed to and determining the material risks based on the materiality test that is carried out by the Risk Management Department.

4. Determining the acceptable level of risk for all material risks that our bank may be exposed to, and it is prohibited to exceed it under any circumstances except with the approval of the Board of Directors.
5. Using highly efficient measurement methods to measure all material risks and determine the capital required.
6. Monitor all risks that our bank may be exposed to on an ongoing basis, and prepare the risk profile in accordance with the type of risk and the degree of its materiality.
7. Use of enterprise risk management systems (ERMs) which assist in dealing with risk management.
8. Applying the requirements of the Basel Committee on Banking Supervision Standards and best professional practices in risk management.
9. Disseminating culture of risk management for all the different administrative levels in our bank.

The main objective of our bank's risk management is to provide a safe business environment that works to achieve our bank's strategic objectives, by achieving a set of goals as follows:

1. Capital:

Maintaining a safe level of capital through adhering to the minimum levels of capital adequacy in accordance with the instructions of the Central Bank of Jordan.

Maintaining high and high quality capital capable of absorbing losses at any time and in accordance with the requirements of Basel 3 and the relevant Central Bank of Jordan instructions.

Leverage ratio remains within safe levels by adhering to the minimum level in accordance with the instructions of the Central Bank of Jordan.

2. Quality of Assets:

The percentage of non-performing accounts remains within the limits set by the Board of Directors.

The absence of a concentration that exceeds the limits approved at the level of the customer / investment / economic sector / period.

3. Liquidity:

Having sufficient levels of liquidity to meet the needs of customers in normal and stress conditions.

Commitment to the minimum levels of the legal liquidity ratio for total currencies, the Jordanian dinar, the liquidity coverage ratio, and the net stable funding ratio.

4. Internal Control and Control Systems:

Meet the requirements mentioned in the Central Bank of Jordan instructions related to the internal control and control systems.

Reviewing the operations carried out in our bank and ensuring that the necessary controls are specified in a manner commensurate with the approved risk appetite and the nature and size of risks that our bank may be exposed to.

5. An effective risk management reporting system:

Having an effective system for risk data and preparing reports on risk management and submitting them to the senior executive management and the Board of Directors.

Commitment to what is mentioned in the instructions of the Central Bank of Jordan regarding dealing with domestic systemically important banks (D-SIB's) regarding data and preparing reports on risk management issued by the Basel Committee for Banking Supervision.

6. Bank security and safety:

Laying down the necessary precautionary measures in coordination with the Bank's occupational safety and health committee to maintain health and safety of the Bank employees and customers.

Setting a special approved guidance to use in the event of the spread of diseases and epidemics.

Availability of occupational safety and health manual and disaster and emergency response plans.

Readiness of a Bank's alternative site (the disaster recovery site) in addition to other alternative sites.

The Risk Management Department reports directly to the Risk Management Committee of the Board of Directors and indirectly to the CEO / General Manager of the Bank, and defines the responsibilities of the Risk Management Department according to the following:

1. Supervising the stages of the risk management process in our bank.
2. Identify the risks that our bank might be exposed to and evaluating them to determine the material risks.
3. Preparing and updating material risk policies that include approved risk appetite and risk management strategies.
4. Define risk management strategies according to the type of risk, its size and the acceptable level for each of them, taking into account the levels of capital, liquidity and human resources available in terms of the efficiency and adequacy of staff to manage the risks to which our bank may be exposed.

5. Use and develop high-efficiency measurement methods to measure all material risks and determine the required capital.
6. Analyzing the operations carried out in our bank and ensuring that the necessary controls are determined in proportion to the approved risk appetite and the type and size of risks.
7. Monitor the risks that our bank may be exposed to on an ongoing basis, and prepare the risk structure according to the type of risk and the degree of its materiality.
8. Supervising Enterprise Risk Management Solutions (ERM).

Acceptable risk limits:

The Bank determines the acceptable level of risk and approves them by the Board of Directors. The actual level is monitored and compared with the acceptable level of risk on a regular basis. It is considered one of the most important elements of governance in the risk management process, in line with the business model approved by the Bank.

1 - credit risk

- Managing credit risk system:

The main activity of our bank is the granting of funds and providing banking services to various customers. As a result, our bank is exposed to credit risk, which is defined as the inability or willingness of the customer to fulfill his contractual obligations to the bank. Credit risks are the main risks to which our bank is exposed to, which requires the availability of resources to manage these risks effectively.

Credit risk management based on several principles, most notably:

1. The segregation of duties between business, credit, and entities granting facilities in the core banking system.
2. Clearly define the criteria for granting credit to all customers in the credit policy, according to the nature of the customer.
3. Preparing the due diligence study for all credit applications, regardless of the nature of the customer, the amount of financing, the size and type of credit risk mitigations.
4. Determine the profit rate on facilities based on the degree of risk to which our bank is exposed to.
5. Determine the matrix of authorities granted to all related parties to the credit approval process according to the nature of the customer.
6. Determine the role of all entities related to the credit approval process according to the nature of the customer, in a manner that enhances corporate governance for managing credit risk.
7. Implement the requirements of the Basel Committee on Banking Supervision Standards and Best Professional Practices in Credit Risk Management in line with the instructions of the Central Bank of Jordan in particular.

- Credit study, Control and Follow-up:

The credit application is prepared by the business departments, and the credit department makes due diligence in studying credit applications, and then the credit application is presented to the credit authority body, in order to achieve the principle of segregation of duties.

The evaluation of customers of large, small and medium entities and high net worth individuals through the internal credit rating system (Moody's), at the level of the Obligor Risk Rating (ORR), and at the level of Facility Risk Rating (FRR).

The customer level credit rating (ORR) represents the creditworthiness of the customer and reflects the probability of default (PD).

The credit rating at the level of Facility Risk Rating (FRR) represents the quality of the credit risk mitigations provided by the customer, which reflects the loss given default ratio (LGD).

- Methodology of applying the Islamic Accounting Standard (30) - impairment and credit losses and onerous commitments (FAS 30)

1. Internal credit rating system:

The Bank has an internal rating system to improve the quality of the credit process, as the classification process relies on "operational" qualitative and "financial" quantitative criteria to assess the creditworthiness of customers.

The credit rating system aims to:

- Improving the quality of the credit decision by relying on the internal credit rating.
- Calculate the customer probability of default.
- Pricing credit facilities in a manner consistent with the size of the risks to which our bank is exposed.
- Measuring the credit risks to which our bank exposed to in a standard way at the customer level and at the level of the credit portfolio.
- Improving the quality of the credit portfolio by setting the limits on the credit portfolio according to the internal credit classification.
- Monitor the credit portfolio through the internal credit rating.

Internal credit rating system mechanism:

- The classification process is carried out by analyzing basic inputs such as financial statements and customers' descriptive data according to an approved classification and evaluation methodology to determine the creditworthiness of the customer.
- The credit department confirms the customer's credit rating with the customer's current circumstances and approves the credit rating.
- A second review of the compatibility of the credit rating with the credit risk of the customer is carried out by the risk management department for applications of high credit risk.
- Ensure that customers' information are updated when a new credit request is received, or at least annually.

2. Scope of application / expected credit loss:

The expected credit loss measurement model was applied to the Bank according to the requirements of the standard as follows:

1. Direct and indirect credit facilities.
2. Sukuk recorded at amortized cost.
3. Islamic finance products that bear the characteristics of debt (principal and return).
4. Credit exposures to banks and financial institutions.
5. Ijara receivables.

3. Governance of Application of Islamic Accounting Standard (30):

A. Board of Directors

The Bank's board of directors and committees roles represented in the following:

Approve the methodology of applying the standard and related policies.

Approve the business model through which the objectives and principles of acquisition and classification of financial instruments are determined.

Ensuring the existence and implementation of effective control systems through which the roles of the related parties are defined.

Ensure the availability of infrastructure to ensure the application of the standard that includes (human resources / internal credit rating systems / automated systems to calculate expected credit losses, etc.), so that it is able to reach the results that ensure adequate hedging against expected credit losses.

B. Executive Management

The role of the executive management is as follows:

Preparing the methodology for applying the standard according to the requirements of the regulatory authorities.

Preparing the business model in accordance with the bank's strategic plan.

Ensure compliance with the approved methodology for applying the standard.

Supervising the systems used to implement the standard.

Calculating the necessary provisions to meet the expected credit losses according to the instructions of the Central Bank of Jordan.

Monitor the size of the expected credit losses and ensure the adequacy of its provisions.

Preparing the required reports for the relevant authorities.

Communicate with the company providing the system with any updates that may occur to the calculation forms and tools or any other inquiries in particular.

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

A. Default Definition:

The concept of default has been defined for the purposes of applying the standard as follows:

1. The presence of past dues on the customer for a period of 90 days or more, or the presence of clear indicators of their near default or bankruptcy.
2. Delay in the payment of profits and / or principal of the sukuk by the issuer of the sukuk for a period of 90 days or more.
3. Default of the banks whom our bank maintains their balances.

B. The mechanism for calculating expected credit losses (ECL) on financial instruments:

The external classification of international rating agencies was adopted to calculate the probability of default for the financial instrument, and the loss on default was calculated based on the best professional practices in this field, so that the geographical distribution, the economic sector and the capital structure of the issuer of this instrument are taken.

C. Calculating Probability of Default:

Probability of default (PD): The percentage of the debtor's probability of default or delay in fulfilling the payment of installments or obligations on the specified dates within the next 12 months.

a. Individual basis:

Banks and financial institutions:

The external credit rating used by international rating agencies is used, which expresses the probability of default through the economic cycle (PD TTC).

Large, medium and small companies and high net worth individuals:

The probability of default through the economic cycle (PD TTC) is extracted from the internal credit rating system.

The probability of default through the economic cycle (PD TTC) is converted to probability of default to a specific point in time (PD PIT), using the system provided by the system provider.

b. Collective Basis:

The probability of default (PD PIT) calculated using the system provided by the provider company with analysis of historical data and additional data on customers such as gender, education, age and period of dealing with our bank, etc.

D. Calculating Exposure at Default:

A - Direct credit facilities

The credit exposure value has been calculated at default, equal to the balance of the credit facilities (drawn and undrawn) as at the date of the financial statements.

B - Indirect Credit Facilities:

The credit exposure value was calculated at default, equal to the full indirect credit facilities (drawn and undrawn) without applying any credit conversion factor (CCF).

E. Calculating Loss Given Default:

It is the estimate of the amount of the potential loss on default and represents the difference between the contracted cash flows and those that the Bank expects to collect including the collaterals provided. It is often expressed as a percentage of the credit exposure amount at default.

1 - Banks and financial institutions:

Loss given default for banks and financial institutions has been calculated by the RiskCalc LGD Model provided by the system provider.

2 - Large, medium and small companies and high net worth individuals:

The model provided by the provider company was used to calculate the RiskCalc LGD Model, so that it is calculated in two parts:

Part one: Collateralized covered facilities

Part Two: Non-collateralized facilities according to the RiskCalc LGD Model.

F. Determinants of the significant increase in credit risk in calculating expected credit losses:

Significant Increase in Credit Risk is determined by comparing the customer's current rating with the rating at the date the funds are granted, using Relative Staging Rules that determines the number of degrees of decline needed to classify accounts within the second stage or within The third stage of the initial classification date at the granting process is the common elements (specifications) that have been relied upon in measuring credit risk and expected credit loss on a collective basis.

Common elements and specifications were determined based on the historical analysis of default in the collective portfolio and linked to economic indicators and qualitative specifications for customers, and then taking elements that have an impact on default indicators.

G. The main economic indicators that were used in calculating the expected credit loss (ECL):

When measuring the PD of different sectors, the historical information and financial conditions in addition to future events are taken into consideration according to reliable information or substantial estimates by the Group.

A specialized model is used based on macroeconomic variables, which are represented in the growth rates of the Gross Domestic Product (GDP). The indicators used differ according to the type of portfolio and according to the qualitative specifications of the dealers within the portfolio.

The Impact of Coronavirus on the calculation of expected credit losses (ECL):

As a result of recent developments of the COVID-19 pandemic, the management has done the below:

Adjusting the macroeconomic scenarios by changing the weighted rates assigned to the three scenarios by giving a higher weight to the worst-case scenarios as follows:

<u>Scenario</u>	<u>Weighting scenario</u>
Best scenario	20%
Basic scenario	30%
Worst scenario	50%

- The three scenarios are based on an assessment of the impact of the Covid-19 epidemic on the main economic indicators.
- Reflecting the Group's management directives (Management Overlay) in evaluating the impact on certain sectors or specific customers based on studying each sector or customer separately to reach reasonable expectations for the outputs of this event.

Collaterals and other credit risk mitigation techniques against Credit Exposures:

The quantity and quality of the required collaterals depends on the credit risk assessment of the counterparty. It is also possible to adjust or reduce the risk exposure related to the debtor, concerned party or any other obligor using the credit risk mitigation techniques applicable in the Islamic banks. These include (asset mortgage, third party guarantee, earnest sales, good faith deposit, cash margins, and shares mortgage).

Credit risk mitigations against credit exposure in the aforementioned table were as follows:

- Cash margins
- Bank guarantees
- Real estate collaterals
- Vehicles and machinery mortgages
- Jordan Deposits Insurance Company

2. Liquidity Risks

Liquidity risk is defined as the Bank's inability to provide the required liquidity to cover its obligations at their respective due dates. Bank manage such risks throughout the following:

1. Analyze liquidity (maturity gaps).
2. Maintaining reasonable liquidity to cover outgoing cash flows.
3. Diversifying sources of financing.
4. Establishing the Assets and Liabilities committee .
5. Distribution of financing among various sectors and geographical areas to mitigate concentration risk.
6. Liquidity management is based on natural and emergency circumstances including using and analyzing assets and various financial ratios maturities.
7. Monitoring liquidity by following up on emergency financing plans metrics periodically.
8. Preparing internal liquidity pressure scenarios to address liquidity risks.

Liquidity Coverage Ratio (LCR)

The monthly average Liquidity Coverage Ratio (LCR) according to the instructions of the Central Bank of Jordan for the period from 1 January 2021 to 30 June 2021 is 217.6% (Minimum rate according to the Central Bank is 100%) .

Components of the Liquidity Coverage Ratio (LCR) calculation as of 30 June 2021 are as follows:

Component	Before applying adjustments and haircuts ratio	After applying adjustments and haircuts ratio
JD	JD	JD
Level 1 liquid assets	867,782,993	867,782,993
Level 2 liquid assets *	26,639,038	13,319,519
Total High Quality		
Liquid Assets	894,422,031	881,102,512
Cash outflows	2,695,588,613	533,775,977
Cash inflows	311,384,704	153,794,485

* The maximum amount of level 2 liquid assets is JD 357,768,812 (40% of gross high quality liquid assets).

Liquidity Coverage Ratio (LCR) calculation as of 30 June 2021:

Component	After applying adjustments and haircuts ratio
JD	JD
Total high quality liquid	881,102,512
Net cash outflows	379,981,492
Liquidity coverage ratio	231.9%

3. Market Risks:

Market risk is the risk of loss resulting from fluctuations in the market price, which relates to equity instruments in the trading book, exchange rates, market rate of return, commodity and inventory prices, the Bank seeks to mitigate these risks throughout the following:

- 1) Diversifying and distributing investments among various sectors and geographical areas.
- 2) Analyzing rate of returns trends and expected exchange rates and investments.
- 3) Establishing limits to investments on the level of the country, currency, market, instrument and counter party.
- 4) Adapting the currency positions in accordance with Central Bank of Jordan regulations.
- 5) Studying and analyzing the risks related to new investments and clearing them through detailed reports before accepting them.
- 6) Fully complying with relevant policies and procedures and monitoring authorities.

The Bank is using the sensitivity analysis to assess the market risks for each type of risk in addition to Value at Risk "VaR" to assess the change in equity price and foreign currency risk.

A. Rate of return risks

Rate of return risk results from the decline in the rate of return on investments compared to the local market increase in the rate of return "interest" and the Bank's inability to increase the rate of return on granted facilities with fixed rate of return (Murabaha).

The Bank manages these risks through out the following:

- 1) Managing the rate of return gaps and cost of assets and liabilities according to various maturity dates.
- 2) Studying the investments return trends.

B. Foreign currency risks

Foreign currency risk is the risk arising from the change in the foreign currency prices that the Bank maintains. Foreign currencies are managed on the basis of spot trading and foreign currencies positions are monitored on a daily basis against the approved limit for each currency, since the Bank's policy in managing foreign currencies, is to clear customer's current positions and cover required positions according to customer's needs.

Bank's investment policy stipulate that the maximum limit of the foreign currencies positions shall not exceed 15% of the total owner's equity or 50% of the bank's total liabilities in foreign currencies, whichever is greater (at a maximum limit of 5% of the owner's equity for each currency except for US Dollars) in order to cover the customers' needs in terms of letters of credit, transfers and bills under collection and not for speculation or trading purposes.

C. Equity price risks

Equity price risks result from a change in the fair value of investments in equity. The Bank seeks to manage these risks through diversifying investments in various geographical areas and economic sectors.

D. Commodity risks

Commodity risks arise from the fluctuations in the value of marketable assets. These risks are related to the current and future fluctuations and market values of specific assets. The Bank is exposed to fluctuations of fully paid commodity prices after the commencement of Salam contracts and to the fluctuations in the remaining value of the leased assets at the end of the lease term.

4. Compliance risks

Compliance risks represents sanctions on matters related to legal or regulatory or financial losses or reputational risks which the Bank might face as a result of non compliance with laws, regulations, standards and proper financial practices. The primary non compliance risks are legal and regulatory sanctions risks, reputational risks, financial losses risks, financial crimes risks, anti-money laundry and fraud and corruption risks.

The Bank seeks to limit these risks through is Compliance Control Department that is concerned with reviewing the requirements of regulatory bodies and ensuring their application on the Bank's internal procedures and policies throughout setting the compliance strategy and guidelines and establishing the policies related to anti-money laundry and establishing policies and procedures related to laws, regulations, internal and external instructions and holding the necessary training courses.

5. Operational Risks

Operational risks are the risks of loss arising from inadequacy or failure in internal operations, personnel or systems, or from external events. This includes legal risk and Islamic Shari'a non-compliance risk and excludes strategic and reputational risks. The Bank seeks to limit these risks throughout the following:

The existence of documented policies and procedures that mitigates the possibility of such operational risks.

Establishing a Business Continuity Plan (BCP) to mitigate exposure and discontinuity incidents faced by the Bank and a recovery plan.

Implementation of Risk and Control Self-Assessment (RCSA) Automatically using (GRC) system methodology, in order to improve the regulatory environment and assist senior management and internal audit in identifying areas of high risk and weaknesses in internal control systems.

Monitor the key Risk Indicators (KRI's) Automatically using (GRC) system of our bank's core operations and develop action plans if they exceed their acceptable risk limits.

The bank prepares, update and examine the Business Continuity Plan (BCP) and Disaster Recovery Plan (IT DR) to reduce exposures and interruptions faced by the bank, and the recovery plan to reduce the effects and losses caused by crises and / or disasters .

Legal department reviews all contracts and related documents used by the Bank.

In coordination with the information security department, internal audit department and the internal control department, the Information Technology department establishes the necessary policies and procedures related to maintaining the information confidentiality in the Bank and managing the access rights to the Bank's systems.

6. Reputational Risks

Reputational risks is being viewed by the Bank as negative impression on the Bank's reputation which might lead to potential losses in the sources of funding and loss of customers to competitive banks.

The Bank seeks to limits these risks throughout a set of policies and procedures to enhance the customers' confidenceh and providing a good banking services and maintaining banking confidentiality and avoid undertaking illegal acts or financing unfavorable sectors and provides suitable information security controls.

7. Information Technology risk:

The increased use of information technology has led to improvement in the effectiveness and efficiency of the operations and services provided by our bank, but it has also brought with it new risks related to information technology.

Under the supervision of the Information Technology Governance Committee and the Board Risk Committee, Our bank manages these risks to avoid exposure to them or mitigate their impact, through continuous monitoring and evaluation of the risks associated with information technology and its impact on banking operations and services in terms of the added value of technical solutions compared to their cost, In terms of quality and quality of projects with a technical basis and evaluation of their results on the bank's business and improving the level of performance compared to security and technical events that may result from its operation.

There are a number of outputs for the information technology risk management process according to the instructions for governing information and accompanying technology issued by the Central Bank of Jordan and according to the instructions of COBIT 2019, the most important of which is the detailed risk register for each technical process or banking service, risk scenarios, risk indicators and risk assessment of outsourcing parties.

8. Stress testing:

Application methodology:

Our bank stress testing methodology includes identifying all types of risks our bank may face under stressful conditions, and assessing the Bank's ability to withstand these risks according to stress scenarios.

Role and Integrity of stress tests with risk management governance, risk culture and capital planning:

The role of the Board of Directors and senior management is to establish test objectives, identify the scenarios required for each type of risk, and assess the results and needed actions based on the results, especially the ones which have an integral role in the decision-making (capital planning).

Scenario selection mechanism, including key assumptions related to macroeconomic variables:

The Bank carries out sensitivity scenarios analysis determined based on the Central Bank of Jordan instructions in addition to other scenarios based on the assumption and proposal of the Bank to measure the degree of tolerance.

The mechanism of using the tests results in decision making at the appropriate administrative level, including the strategic decisions of the Board of Directors and the senior executive management:

The Risk Management Department prepares a summary of the results of the stress tests and raises them to the concerned parties, indicating the final impact of the tests within specific grades (low / medium / high) and whom is authorized party to make related decisions.

Governance application of stress tests:

The Bank identifies parties related to stress testing (Board of Directors / Risk Management Committee, Assets and Liabilities Committee, Risk Management Department, Business and other supervisory departments) and their respective responsibility for achieving complementarity and judgment in carrying out the required tests.

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY
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A. Distribution of exposure according to economic sector:

1. Financial instruments total exposure distribution :

As at 30 June 2021	Financial		Industrial		Commercial		Real estate		Agriculture		Shares		Individuals		Government and public sector		Others		Total	
	JD		JD		JD		JD		JD		JD		JD		JD		JD		JD	
Balances with central bank	-		-		-		-		-		-		-		789,053,537		-		789,053,537	
Balances at banks and financial institutions	36,692,758		-		-		-		-		-		-		-		-		36,692,758	
Investment accounts at banks and financial institutions	49,772,057		-		-		-		-		-		-		-		-		49,772,057	
Credit facilities	26,964,528		178,554,706		307,161,082		477,060,355		37,939,305		-		720,822,128		1,011,186,506		179,869,812		2,939,558,422	
Financial assets	33,656,827		-		-		-		-		-		-		140,411,100		-		174,067,927	
Within financial assets at fair value through income statement	-		-		-		-		-		-		-		-		-		-	
Within financial assets at fair value through other comprehensive income	-		-		-		-		-		-		-		-		-		-	
Within financial assets at amortized cost	33,656,827		-		-		-		-		-		-		140,411,100		-		174,067,927	
Encumbered financial assets (Debt instruments)	-		-		-		-		-		-		-		-		-		-	
Other assets	-		-		-		-		-		-		-		-		-		-	
Total	147,086,170		178,554,706		307,161,082		477,060,355		37,939,305		-		720,822,128		1,940,651,143		179,869,812		3,989,144,701	
Guarantees	4,715,794		8,140,270		25,521,202		33,978,498		817,792		-		21,868,397		-		26,903,876		121,945,829	
Letter of credits	-		14,220,214		15,026,346		604,908		1,301,772		-		3,559,577		-		953,418		35,666,235	
Other commitments	5,000		72,992,462		51,055,802		3,516,453		4,091,799		-		37,489,484		-		3,534,537		172,685,537	
Grand total	151,806,964		273,907,652		398,764,432		515,160,214		44,150,668		-		783,739,586		1,940,651,143		211,261,643		4,319,442,302	

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As at 31 December 2020	Government and public sector									
	Financial	Industrial	Commercial	Real estate	Agriculture	Shares	Individuals	Government and public sector	Others	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances with central bank	-	-	-	-	-	-	-	649,361,044	-	649,361,044
Balances at banks and financial institutions	23,581,435	-	-	-	-	-	-	-	-	23,581,435
Investment accounts at banks and financial institutions	62,569,507	-	-	-	-	-	-	-	-	62,569,507
Credit facilities	21,864,113	143,682,673	345,565,528	458,977,731	43,066,461	-	693,359,404	923,156,347	186,203,066	2,815,875,323
Financial assets	29,419,497	-	-	-	-	-	-	168,882,200	-	198,301,697
Within financial assets at fair value through income statement	-	-	-	-	-	-	-	-	-	-
Within financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-
Within financial assets at amortized cost	29,419,497	-	-	-	-	-	-	168,882,200	-	198,301,697
Encumbered financial assets (Debt instruments)	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total	137,434,552	143,682,673	345,565,528	458,977,731	43,066,461	-	693,359,404	1,741,399,591	186,203,066	3,749,689,006
Guarantees	2,217,350	7,104,636	21,910,024	38,898,952	1,059,104	-	852,914	-	53,991,171	126,034,151
Letter of credits	-	12,865,782	12,647,240	778,855	1,872,366	-	18,851	-	727,664	28,910,758
Other commitments	10,100	37,672,611	70,295,046	7,576,397	4,376,525	-	1,165,573	-	33,992,057	155,088,309
Grand total	139,662,002	201,325,702	450,417,838	506,231,935	50,374,456	-	695,396,742	1,741,399,591	274,913,958	4,059,722,224

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2. Distribution of exposures according to the stages of classification in accordance with FAS 30:

As at 30 June 2021

	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Financial	141,322,649	683,000	7,982,942	-	1,818,373	151,806,964
Industrial	175,715,649	4,387,382	89,020,720	581,256	4,202,645	273,907,652
Commercial	139,922,169	21,144,346	186,962,400	2,669,771	48,065,745	398,764,431
Real estate	64,618,336	318,291,798	91,598,067	13,084,904	27,567,109	515,160,214
Agriculture	17,806,638	410,220	20,280,361	183,601	5,469,848	44,150,668
Shares	-	-	-	-	-	-
Individuals	55,644,276	607,965,232	30,810,089	32,352,420	56,967,569	783,739,586
Government and public sector	1,940,651,143	-	-	-	-	1,940,651,143
Others	78,172,978	27,654,127	86,128,609	1,985,817	17,320,113	211,261,644
Total	2,613,853,838	980,536,105	512,783,188	50,857,769	161,411,402	4,319,442,302

As at 31 December 2020

	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Financial	780,577,363	739,230	7,706,453	-	-	789,023,046
Industrial	92,347,800	5,922,920	98,018,193	701,666	4,335,123	201,325,702
Commercial	191,263,827	23,768,613	178,978,162	3,497,240	52,909,996	450,417,838
Real estate	31,965,094	359,306,611	68,039,722	11,275,030	35,645,478	506,231,935
Agriculture	27,384,912	677,990	21,163,369	168,261	979,924	50,374,456
Shares	-	-	-	-	-	-
Individuals	110,623,799	469,446,506	29,164,468	27,331,970	58,829,999	695,396,742
Government and public sector	1,092,038,547	-	-	-	-	1,092,038,547
Others	116,161,578	55,124,350	93,371,216	1,758,923	8,497,891	274,913,958
Total	2,442,362,920	914,986,220	496,441,583	44,733,090	161,198,411	4,059,722,224

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B. Distribution of exposure according to geographical sectors:

1. Geographic sector total exposure distribution :

As at 30 June 2021

	Inside the Kingdom		Other Middle East Countries		Europe		Asia		Africa		America		Other countries		Total	
	JD		JD		JD		JD		JD		JD		JD		JD	
Balances with central bank	789,053,537		-		-		-		-		-		-		789,053,537	
Balances at banks and financial institutions	1,540		8,551,760		4,239,459		426,258		-		23,473,741		-		36,692,758	
Investment accounts at banks and financial institutions	-		49,772,057		-		-		-		-		-		49,772,057	
Credit facilities	2,912,738,733		21,912,690		4,906,999		-		-		-		-		2,939,558,422	
Financial assets	140,411,099		22,522,546		7,090,000		2,225,909		1,818,373		-		-		174,067,927	
Within financial assets at fair value through income statement	-		-		-		-		-		-		-		-	
Within financial assets at fair value through other comprehensive income	-		-		-		-		-		-		-		-	
Within financial assets at amortized cost	140,411,099		22,522,546		7,090,000		2,225,909		1,818,373		-		-		174,067,927	
Encumbered financial assets (Debt instruments)	-		-		-		-		-		-		-		-	
Other assets	-		-		-		-		-		-		-		-	
Total for the year	3,842,204,909		102,759,053		16,236,458		2,652,167		1,818,373		23,473,741		-		3,989,144,701	
Guarantees	118,918,714		2,978,900		-		48,215		-		-		-		121,945,829	
Letter of credits	35,666,235		-		-		-		-		-		-		35,666,235	
Other liabilities	172,685,537		-		-		-		-		-		-		172,685,537	
Grand total	4,169,475,395		105,737,953		16,236,458		2,700,382		1,818,373		23,473,741		-		4,319,442,302	

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As at 31 December 2020

	Inside the Kingdom		Other Middle East Countries		Europe		Asia		Africa		America		Other countries		Total	
	JD		JD		JD		JD		JD		JD		JD		JD	
Balances with central bank	649,361,044		-		-		-		-		-		-		649,361,044	
Balances at banks and financial institutions	1,550		6,871,017		3,086,341		261,228		176,955		13,184,344		-		23,581,435	
Investment accounts at banks and financial institutions	-		62,569,507		-		-		-		-		-		62,569,507	
Credit facilities	2,794,011,210		17,567,184		4,296,929		-		-		-		-		2,815,875,323	
Financial assets	168,882,200		17,613,959		7,090,000		2,502,086		2,213,452		-		-		198,301,697	
Within financial assets at fair value through income statement	-		-		-		-		-		-		-		-	
Within financial assets at fair value through other comprehensive income	-		-		-		-		-		-		-		-	
Within financial assets at amortized cost	168,882,200		17,613,959		7,090,000		2,502,086		2,213,452		-		-		198,301,697	
Encumbered financial assets (Debt instruments)	-		-		-		-		-		-		-		-	
Other assets	-		-		-		-		-		-		-		-	
Total for the year	3,612,256,004		104,621,667		14,473,270		2,763,314		2,390,407		13,184,344		-		3,749,689,006	
Guarantees	122,276,250		3,589,644		-		147,997		20,260		-		-		126,034,151	
Letter of credits	28,910,758		-		-		-		-		-		-		28,910,758	
Other liabilities	155,088,309		-		-		-		-		-		-		155,088,309	
Grand total	3,918,531,321		108,211,311		14,473,270		2,911,311		2,410,667		13,184,344		-		4,059,722,224	

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2. Distribution of exposures according to the stages of classification in accordance with FAS 30:

As at 30 June 2021

	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Inside the Kingdom	2,473,600,247	980,536,105	504,888,245	50,857,769	159,593,029	4,169,475,395
Other Middle East Countries	104,933,010	-	804,943	-	-	105,737,953
Europe	9,146,458	-	7,090,000	-	-	16,236,458
Asia	2,700,382	-	-	-	-	2,700,382
Africa	-	-	-	-	1,818,373	1,818,373
America	23,473,741	-	-	-	-	23,473,741
Total	2,613,853,838	980,536,105	512,783,188	50,857,769	161,411,402	4,319,442,302

As at 31 December 2020

	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Inside the Kingdom	2,310,801,324	914,986,220	488,630,648	44,733,090	159,380,038	3,918,531,320
Other Middle East Countries	100,400,376	-	720,935	-	-	101,121,311
Europe	14,473,270	-	7,090,000	-	-	21,563,270
Asia	2,911,312	-	-	-	-	2,911,312
Africa	592,294	-	-	-	1,818,373	2,410,667
America	13,184,344	-	-	-	-	13,184,344
Total	2,442,362,920	914,986,220	496,441,583	44,733,090	161,198,411	4,059,722,224

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C. Reclassified exposures:

1. Total reclassified exposures :

	Stage 2		Stage 3		Total	
	Total exposure	Reclassified exposures	Total exposure	Reclassified exposures	reclassified exposures	Percentage
	JD	JD	JD	JD	JD	
As at 30 June 2021						
Balances with central bank	-	-	-	-	-	-
Balances at banks and financial institutions	523,478	-	-	-	-	-
Accounts at banks and financial institutions	-	-	-	-	-	-
Credit facilities	470,842,682	131,342,615	152,025,959	46,632,707	177,975,322	%29
Financial assets	7,090,000	-	1,818,373	-	-	-
Within financial assets at fair value through income statement	-	-	-	-	-	-
Within financial assets at fair value through other comprehensive income	-	-	-	-	-	-
Within financial assets at amortized cost	7,090,000	-	1,818,373	-	-	-
Encumbered financial assets (Debt instruments)	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total	478,456,160	131,342,615	153,844,332	46,632,707	177,975,322	%28
Guarantees	27,784,073	1,207,836	6,867,021	432,143	1,639,979	5%
Letter of credits	17,060,803	80,940	49,102	-	80,940	0%
Other liabilities	40,339,921	7,791,673	650,947	340,185	8,131,858	20%
Grand total	563,640,957	140,423,064	161,411,402	47,405,035	187,828,099	26%

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	Stage 2		Stage 3		Total	
	Total	Reclassified	Total	Reclassified	reclassified	Percentage
	exposure JD	exposures JD	exposure JD	exposures JD	exposures JD	
As at 31 December 2020						
Balances with central bank	-	-	-	-	-	-
Balances at banks and financial institutions	439,470	439,470	-	-	439,470	-
Accounts at banks and financial institutions	-	-	-	-	-	-
Credit facilities	438,626,884	51,525,169	152,154,438	15,308,850	66,834,019	٪11
Financial assets	7,090,000	-	1,818,373	-	-	-
Within financial assets at fair value through income statement	-	-	-	-	-	-
Within financial assets at fair value through other comprehensive income	-	-	-	-	-	-
Within financial assets at amortized cost	7,090,000	-	1,818,373	-	-	-
Encumbered financial assets (Debt instruments)	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total	446,156,354	51,964,639	153,972,811	15,308,850	67,273,489	٪11
Guarantees	27,644,533	1,138,871	6,644,322	144,557	1,283,428	٪4
Letter of credits	17,334,880	-	52,590	-	-	٪0
Other liabilities	50,038,906	17,209,339	528,688	378,672	17,588,011	٪35
Grand total	541,174,673	70,312,849	161,198,411	15,832,079	86,144,928	٪12

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2. Expected credit loss for reclassified exposures:

	Reclassified exposures			ECL for reclassified exposures						
	Total reclassified exposures from stage 2	Total		Total reclassified exposures	Exposures within stage 2			Exposures within stage 3		Total
		JD	reclassified exposures from stage 3		JD	Individual	Collective	Individual	Collective	
As at 30 June 2021										
Balances with central bank	-	-	-	-	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Accounts at banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Credit facilities	131,342,615	46,632,707	177,975,322	4,906,733	2,900,705	486,921	149,170	8,443,529		
Financial assets	-	-	-	-	-	-	-	-	-	-
Within financial assets at fair value through income statement	-	-	-	-	-	-	-	-	-	-
Within financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-
Within financial assets at amortized cost	-	-	-	-	-	-	-	-	-	-
Encumbered financial assets (debt instruments)	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total	131,342,615	46,632,707	177,975,322	4,906,733	2,900,705	486,921	149,170	8,443,529		
Guarantees	1,207,836	432,143	1,639,978	-	-	-	-	-	-	-
Letter of credits	80,940	-	80,940	-	-	-	-	-	-	-
Other liabilities	7,791,673	340,185	8,131,859	-	-	-	-	-	-	-
Grand total	140,423,064	47,405,035	187,828,099	4,906,733	2,900,705	486,921	149,170	8,443,529		

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	Reclassified exposures			ECL for reclassified exposures			
	Total reclassified exposures from stage 2	Total reclassified exposures		Exposures within stage 2		Exposures within stage 3	
		JD	reclassified exposures from stage 3	JD	Total reclassified exposures	Individual	Collective
As at 31 December 2020							
Balances with central bank	-	-	-	-	-	-	-
Balances at banks and financial institutions	439,470	-	-	439,470	-	-	-
Accounts at banks and financial institutions	-	-	-	-	-	-	-
Credit facilities	51,525,169	15,308,850	-	66,834,019	419,496	3,401,424	3,669,080
Financial assets	-	-	-	-	-	-	-
Within financial assets at fair value through income statement	-	-	-	-	-	-	-
Within financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-
Within financial assets at amortized cost	-	-	-	-	-	-	-
Encumbered financial assets (debt instruments)	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-
Total	51,964,639	15,308,850		67,273,489	419,496	3,401,424	3,669,080
Guarantees	1,138,871	144,557		1,283,428	4,564	25,683	51,561
Letter of credits	-	-		-	-	-	-
Other liabilities	17,209,339	378,672		17,588,011	129,919	155,776	30,688
Grand total	70,312,849	15,832,079		86,144,928	553,979	3,582,883	3,751,329
							8,005,812

(35) Segment information

A. Information about the Bank's activities

The Bank is organized for administrative purposes based on the reports submitted to the General Manager and the chief decision maker into four main business sectors:

Retail accounts: These encompass following up on the unrestricted investment accounts, deferred sales receivables and other financing and banking services related to individuals.

Corporate accounts: These encompass following up on the unrestricted investment accounts, deferred sales receivables and other financing and banking services related to the institutions.

Investment in assets: This includes investing in real estate and leasing.

Treasury: This includes trading services and managing the Bank's funds.

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The below table illustrate the information on the Bank's business sectors distributed according to its activities:

	Total					
	For the six months ended on 30 June					
	Retails	Corporate	Investment in assets	Treasury	Others	2020
	JD	JD	JD	JD	JD	JD
Total revenues (joint and self financed)	61,817,455	42,806,249	8,866,870	8,774,295	369,274	112,375,855
Net income of subsidiaries and share of profit from investments in associates	-	-	342,337	-	-	822,201
Investment risk fund share from the revenues of joint investment accounts holders'	-	-	-	-	-	-
Deposits gurantee fees – joint investment accounts	(1,201,592)	(814,523)	(169,750)	(184,043)	(7,178)	(2,182,564)
Share of the unrestricted investment accounts and non-controlling interests from the net income of associates	(15,772,250)	(12,842,969)	(342,337)	(2,401,423)	-	(31,358,979)
Segment results	44,843,613	29,148,757	8,697,120	6,188,829	362,096	85,192,338
Allocated expenses	(19,242,396)	(13,718,875)	(3,174,165)	(3,441,425)	-	(41,257,140)
Profits before tax	25,601,217	15,429,882	5,522,955	2,747,404	362,096	43,935,198
Income tax	(8,980,823)	(6,778,254)	(1,206,183)	(1,479,813)	(108,629)	(16,667,000)
Profit after tax	16,620,394	8,651,628	4,316,772	1,267,591	253,467	27,268,198
Sector assets	1,600,945,319	1,221,860,319	1,104,046,236	1,061,596,111	-	4,674,539,946
Investment in associates	-	-	9,059,259	-	-	8,316,058
Unallocated assets	-	-	-	-	153,892,243	161,642,855
Total assets	1,600,945,319	1,221,860,319	1,113,105,495	1,061,596,111	153,892,243	4,844,498,859
Segment liabilities	3,773,592,759	631,025,205	-	64,259,636	-	4,174,614,151
Unallocated liabilities	-	-	-	-	200,662,425	195,530,429
Total Liabilities	3,773,592,759	631,025,205	-	64,259,636	200,662,425	4,370,144,580
Capital expenditures	-	-	-	-	2,899,997	2,869,469
Depreciation and amortization	-	-	-	-	4,140,221	3,995,841

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(36) Capital Management

The Bank's capital consists of the paid-in capital, statutory reserve, voluntary reserve, other reserves and retained earnings.

The Bank achieves its capital objectives throughout the following:

- Achieving a satisfactory return on capital without affecting the financial stability of the Bank and achieving acceptable return on owner's equity.
- Achieving the required level of capital according to Basel Committee requirements and the supervisory bodies instructions.
- Providing an adequate capital to expand the granting of financing and large investments in consistency with the Central Bank of Jordan regulations as well as facing any future risks.

Capital adequacy ratio was calculated as at 30 June 2021 in accordance with standard number (15) issued by Islamic Financial Services Board, based on Central Bank of Jordan instruction number (72/2018) dated 4 February 2018.

	30 June 2021	31 December 2020
	Thousands JD (Unaudited)	Thousands JD (Audited)
Common Equity Tier I	460,118	443,333
Paid-in capital	200,000	200,000
Statutory reserve	101,261	101,261
Voluntary reserve	45,473	45,473
Retained earnings	100,747	100,732
Accumulated change in full fair value	3,125	1,698
Profits for the period after tax less expected dividends distribution	16,110	-
Intangible assets	(3,921)	(3,154)
Investments in Banks, financial institutions and Takaful companies capital that are less than 10%.	(494)	(494)
Investments in Banks, financial institutions and Takaful companies capital, beyond unified regulatory scope that are less than 10%	(2,183)	(2,183)
Additional Tier I	-	-
Additional Tier II	8,926	7,799
General banking risks reserve (self) and bank share of general banking risk reserve- joint (not to exceed 1.25% Risk Weighted Assets (RWA)	8,926	7,799
Total regulatory capital	469,044	451,132
Risk Weighted Assets (RWA)	1,963,976	1,900,264
Common Equity Tier I Ratio	%23,43	%23,33
Additional Tier I Ratio	%0,00	-
Tier I Ratio	%23,43	%23,33
Tier II Ratio	%0,45	%0,41
Capital Adequacy Ratio	%23,88	%23,74

- Financial leverage percentage has reached 18.13% as of 30 June 2021 (2020: 18.98%).

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(37) Commitments and Contingent Liabilities (Off the Interim Condensed Consolidated Statement of Financial Position)

Contingent Credit Commitments

	30 June 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Letters of credit	32,523,016	26,240,900
Acceptances	3,143,219	2,669,858
Guarantees:	121,945,829	126,034,151
Payment	34,419,798	35,809,959
Performance	57,771,214	59,522,876
Others	29,754,817	30,701,316
Unutilized Limits/ Direct	138,418,153	117,604,857
Unutilized Limits/ Indirect	34,267,384	37,483,452
Total	330,297,601	310,033,218

Cumulative movement on indirect facilities:

As of 30 June 2021 (Unaudited):

	Stage 1		Stage 2		Stage 3	Total
	Collective	Individual	Collective	Individual		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period	67,544,132	147,337,810	2,890,154	85,035,522	7,225,600	310,033,218
New exposures during the period	47,079,947	59,299,772	1,619,921	25,175,939	5,954,332	139,129,911
Matured exposures	(49,714,218)	(35,012,502)	(1,764,236)	(26,215,300)	(6,159,272)	(118,865,528)
Transferred to stage 1	640,511	9,736,521	(524,443)	(9,713,321)	(139,268)	-
Transferred to stage 2	(453,189)	(8,540,611)	485,689	8,594,761	(86,650)	-
Transferred to stage 3	(283,669)	(88,771)	(144,612)	(255,276)	772,328	-
Balance at the end of the period	64,813,514	172,732,219	2,562,473	82,622,325	7,567,070	330,297,601

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As of 31 December 2020 (Audited):

	Stage 1		Stage 2		Stage 3	Total
	Collective	Individual	Collective	Individual		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	78,235,787	163,674,566	2,427,067	69,035,450	7,551,367	320,924,237
New exposures during the year	54,371,195	77,920,336	2,260,721	38,779,085	6,486,401	179,817,738
Matured exposures	(65,147,190)	(81,502,516)	(1,640,321)	(35,649,571)	(6,769,159)	(190,708,757)
Transferred to stage 1	561,931	5,326,598	(509,930)	(4,962,671)	(415,928)	-
Transferred to stage 2	(349,482)	(17,848,418)	363,783	17,984,427	(150,310)	-
Transferred to stage 3	(128,109)	(232,756)	(11,166)	(151,198)	523,229	-
Balance at the end of the year	67,544,132	147,337,810	2,890,154	85,035,522	7,225,600	310,033,218

2. Cumulative movement on the expected credit loss for indirect facilities

As of 30 June 2021 (Unaudited):

	Stage 1		Stage 2		Stage 3	Total
	Collective	Individual	Collective	Individual		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period	1,293,690	817,572	55,707	621,965	5,122,545	7,911,479
Expected credit loss on new exposures during the period	869,101	115,105	23,741	71,425	4,648,198	5,727,570
Expected credit loss from matured exposures	(1,025,307)	(130,813)	(44,615)	(173,364)	(4,732,123)	(6,106,222)
Transferred to stage 1	73,613	77,062	(8,459)	(69,187)	(73,029)	-
Transferred to stage 2	(7,096)	(38,020)	21,146	55,620	(31,650)	-
Transferred to stage 3	(4,577)	(145)	(1,482)	(2,750)	8,954	-
Impact on ending balance provision due to change in staging classification through the period	(69,234)	(69,163)	(15,566)	42,063	396,967	285,067
Adjustments due to changes	(124,674)	(454,620)	(381)	(220,373)	465	(799,583)
Balance at the end of the period	1,005,516	316,978	30,091	325,399	5,340,327	7,018,311

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As of 31 December 2020 (Audited):

	Stage 1		Stage 2		Stage 3	Total
	Collective	Individual	Collective	Individual		
	JD	JD	JD	JD		
Balance at the beginning of the year	982,764	732,384	33,800	779,940	4,919,807	7,448,695
Expected credit loss on new exposures during the year	931,936	552,806	38,433	273,434	4,730,115	6,526,724
Expected credit loss from matured exposures	(624,214)	(494,414)	(16,991)	(489,396)	(4,438,925)	(6,063,940)
Transferred to stage 1	5,071	119,759	(1,164)	(48,925)	(74,741)	-
Transferred to stage 2	(1,125)	(91,627)	1,635	108,379	(17,262)	-
Transferred to stage 3	(742)	(1,336)	(6)	(1,467)	3,551	-
Balance at the end of the year	1,293,690	817,572	55,707	621,965	5,122,545	7,911,479

(38) Lawsuits Filed Against the Bank

The lawsuits filed against the Bank (self) amounted to JD 153,081 as of 30 June 2021 with a provision of JD 31,489 (provision booked amounted to JD 75,000 instead of JD 35,146) compared to JD 10,296,910 as of 31 December 2020 with a provision of JD 31,489. The lawsuits filed against the Bank (joint) as of 30 June 2021 amounted to JD 639,702 with a provision of JD 100,286 compared to JD 288,952 as of 31 December 2020 with a provision of JD 45,767. The Bank's management and its legal advisor believe that any obligations that may arise from the lawsuits against joint investments will be recognized within the investment risk fund, while the lawsuits against the Bank (self) will be covered by the established provision.

(39) Statutory Reserves

The Bank did not appropriate any amounts to the reserves as required by the Companies Law, since these condensed financial statements are interim financial statements.

(40) Comparative figures

Some of the figures of the year ended 31 December 2020 were reclassified to correspond with the figures of the interim condensed consolidated financial statements for the period ended 30 June 2021 with no effect on profits or equity for the year ended 31 December 2020.